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DIRECT DIAL NUMBER

457-1638

March 23, 1988

RECORDATION NO. 14758-F FILED 1475

MAR 23 1988 12 55 PM

INTERSTATE COMMERCE COMMISSION

Ms. Noreta R. McGee
Office of the Secretary
Recordation Office
Interstate Commerce Commission
12th Street and Constitution
Avenue, N.W.
Washington, D.C. 204323

Re: NBD Highland Park Bank, N.A.; Continental Illinois
National Bank and Trust Company of Chicago;
Temco Leasing Company; Recordation No. 14758-F

Dear Ms. McGee:

In accordance with the provisions of Section 11303 of the Revised Interstate Commerce Act, 49 U.S.C. § 11303, and Part 1177 of Title 49 of the Code of Federal Regulations, we request, as special counsel for Temco Leasing Company, NBD Highland Park Bank, N.A., Continental Illinois National Bank and Trust Company of Chicago that the enclosed documents be recorded and filed with the Interstate Commerce Commission.

You will find enclosed herewith the original and four copies of the following document to be recorded and filed:

100-471-15-04
MAR 23 12 49 PM '88
RECORDATION NO. 14758-F
FILED 1475

JACKSON & CAMPBELL, P.C.

Ms. Noreta R. McGee
March 23, 1988
Page Two

1. Loan and Security Agreement, dated as of March 22, 1988, by and between TEMCO LEASING COMPANY and NBD HIGHLAND PARK BANK, N.A. (individually and as agent) and CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO (individually and as Security Agent). This Document should be assigned Recordation No. 14758-F.

The Loan and Security Agreement, dated as of March 22, 1988, by and between Temco Leasing Company and NBD Highland Park Bank, N.A. and Continental Illinois National Bank and Trust Company of Chicago, is intended, inter alia, to effectuate the granting by Temco Leasing Company of a lien on and security interest in One Hundred and Seventy Six (176) railroad tank cars, more specifically identified and described in Schedule I thereto.

The parties executing this document are:

Temco Leasing Company
100 East Scranton Avenue
Lake Bluff, Illinois 60044

Attention: Mr. Bruce H. Borland

and

NBD Highland Park Bank, N.A.
513 Central Avenue
Highland Park, Illinois 60035

Attention: Mr. David W. Enquist

and

Continental Illinois National Bank
and Trust Company of Chicago
231 South LaSalle Street
9th Floor, Jackson Side
Chicago, Illinois 60697

Attention: Mr. Brian Walsh

LAW OFFICES

JACKSON & CAMPBELL, P.C.

You will also find enclosed herewith our check made payable to the Interstate Commerce Commission in the amount of \$13.00 (Thirteen Dollars), which sum is intended as full and final payment for the filing fees to be incurred in connection herewith. Would you please stamp, as filed, the enclosed copies and return the enclosed copies as stamped, to our office at your earliest possible convenience?

Thank you for your assistance in this matter.

Sincerely yours,

JACKSON & CAMPBELL, P.C.

RWB:dcs

By


Richard W. Bryan

cc: Rodney Brown, Esquire
John W. Dubbs, III, Esquire

LOAN AND SECURITY AGREEMENT

RECORDATION NO. 14758-F Filed 2428

between

MAR 23 1988 12 55 PM

INTERSTATE COMMERCE COMMISSION

TEMCO LEASING COMPANY,

NBD HIGHLAND PARK BANK, N.A., individually and as AGENT

and

**CONTINENTAL ILLINOIS NATIONAL BANK AND
TRUST COMPANY OF CHICAGO, individually and as SECURITY AGENT**

Dated as of March 22, 1988

Filed and Recorded with the Interstate Commerce Commission pursuant to Section 11303, Title 49, United States Code on _____, 1988 at _____ Recordation No. _____.

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LOAN AND SECURITY AGREEMENT, dated as of March 22, 1988, among TEMCO LEASING COMPANY, an Illinois corporation (the "Company"), and NBD HIGHLAND PARK BANK, N.A., a national banking association ("NBD"), individually and as Agent for the Lenders, and CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO ("Continental"), individually and as Security Agent for the Lenders (NBD and Continental are referred to hereinafter individually as a "Lender" and collectively as the "Lenders").

W I T N E S S E T H :

WHEREAS, the Company is engaged in, among other things, the business of purchasing and owning railroad tank cars for lease to others;

WHEREAS, the Company desires to obtain loans from the Lenders in order to retire Company's outstanding indebtedness to Commercial National Bank of Chicago as well as other indebtedness and otherwise provide working capital;

WHEREAS, the Company owns 176 railroad tank cars, such cars being leased on the date hereof under bona fide leases as listed in Schedule II attached hereto;

WHEREAS, the Company will evidence its borrowing hereunder by the issuance of its promissory notes which, together with the Company's obligations and liabilities under this Agreement, will be secured by, inter alia, a Lien on and security interest in such tank cars and the rights of the Company under the Leases; and

WHEREAS, the Lenders are agreeable to making the loans on the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements contained herein, the parties hereto agree as follows:

SECTION 1. DEFINITIONS

1.1 Defined Terms. As used in this Agreement the following terms shall have the following meanings:

"Agent" means NBD, and each successor as provided for in Section 10.8, in its capacity as Agent for the Lenders hereunder.

"Agreement" shall mean this Loan and Security Agreement, including all Schedules and all Exhibits hereto, as the same may from time to time be amended, supplemented or otherwise modified.

"Business Day" shall mean any day other than a Saturday, a Sunday or a legal banking holiday under the laws of the State of Illinois.

"Cash Collateral Account" shall have the meaning set forth in subsection 5.2(b) hereof.

"Casualty Occurrence" shall mean any of the following events or conditions with respect to any Unit:

(i) such Unit shall become lost for a period of at least 30 consecutive days, or shall become stolen, destroyed or damaged beyond economic repair from any cause whatsoever; or

(ii) the confiscation, condemnation, seizure or forfeiture of, or other requisition of title to, or use of, such Unit by any governmental authority or any Person acting under color of governmental authority.

"Casualty Value" with respect to any Unit shall mean the amount obtained by multiplying the aggregate unpaid principal amount of the Notes at the time Casualty Value is being determined by a fraction, the numerator of which is the Tank Car Cost of such Unit and the denominator of which is the aggregate Tank Car Cost of all Tank Cars which are then subject to the Lien and security interest of this Agreement.

"Casualty Value Determination Date" shall have the meaning set forth in Subsection 6.16 (a) hereof.

"Collateral" shall mean the Tank Cars, the Leases, the moneys at any time in the Cash Collateral Account and all other property, interests and rights described or referred to in Subsection 5.1, 5.2 or 5.3 hereof or otherwise subjected to the Lien and security interest created by this Agreement or intended so to be.

"Damaged Unit" shall mean any Unit which has suffered a Casualty Occurrence.

"Default" shall mean any of the events specified in Section 8 hereof, whether or not there has been satisfied any requirement in connection with such event for the giving of notice or the lapse of time, or both.

"Event of Default" shall mean any of the events specified in Section 8 hereof, provided that there has been satisfied any requirement in connection with such event for the giving of notice, or the lapse of time, or both.

"Guarantor" shall mean, jointly and severally, Temco Corporation, an Illinois corporation (the "Corporate Guarantor"), and Bruce H. Borland (the "Individual Guarantor"). Notwithstanding the foregoing, the personal Guaranty of Bruce Borland at any given time shall be limited

to an amount equal to twenty-five percent (25%) of the Obligations owed to Lenders by Company at that time, without offset for amounts paid by the Corporate Guarantor.

"Guaranty" shall mean the Guaranty of any Guarantor in favor of the Lenders, substantially in the form of Exhibit B-1 for Temco Corporation and Exhibit B-2 for Bruce H. Borland, each attached hereto.

"Installment Payment Date" shall mean each date on which an installment of principal and interest is due and payable under the Notes.

"Leases" shall mean and include the leases identified in Schedule II and any other leases which may hereafter be placed on the Tank Cars during the term of this Agreement.

"Lessees" shall mean and include all lessees under the Leases.

"Lien" shall mean any mortgage, pledge, hypothecation, assignment, security interest, Lien, charge or encumbrance, priority or other security agreement or arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any lease having substantially the same economic effect as a conditional sale or other title retention agreement, the filing of, or agreement to give, any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction) and the filing of this Agreement and any other documents with the Interstate Commerce Commission.

"Loans" shall mean the two loans made by the Lenders under this Agreement.

"Loan Documents" shall mean the original counterparts of this Agreement, the Notes, the Guarantees, the Certificates of Acceptance, the Opinions and any other documents executed by or on behalf of the Company or the Lessees in connection with the Loan.

"Non-Removable Improvement" shall mean any addition or improvement incorporated in or installed on or attached to any Tank Car which is not readily removable without causing material damage to such Tank Car or without diminishing or impairing the utility or condition which such Tank car would have had at the time of removal had such addition or improvement not been made.

"Notes" shall mean the negotiable promissory notes of the Company described in Subsection 2.3 hereof.

"Obligations" shall have the meaning set forth in Section 5 hereof.

"Opinions" shall mean the opinions of Hinshaw, Culbertson, Moelmann, Hoban and Fuller, counsel to the Company, in the form attached hereto as Exhibit D-1 and D-2, and the opinions of Jackson and Campbell, P.C., in the form attached hereto as Exhibit E-1 and E-2.

"Permitted Liens" shall mean, with respect to any Unit, (i) the rights of the Lessee under the Lease of such Unit, (ii) Liens for taxes which are not yet due or the payment of which is not at the time required to be made in accordance with the provisions of Subsection 6.4 hereof, and (iii) materialmen's, mechanics, repairmen's and other like Liens arising in the ordinary course of business securing obligations which are not more than 30 days overdue or the payment of which is not at the time required to be made in accordance with the provisions of Subsection 6.4 hereof.

"Person" shall mean an individual, partnership, corporation, joint venture, trust, unincorporated organization, or government or any agency or political subdivision thereof.

"Philrock" shall mean Philrock Corporation, a New York corporation, and shall include where the context requires Bankers Trust Company, a subsidiary of Bankers Trust New York Corp., a New York corporation.

"Proceeds" shall have the meaning assigned to it under the Uniform Commercial Code of the State of Illinois and, in any event, shall include, but not be limited to (i) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to the Company from time to time with respect to any of the Collateral, (ii) any and all payments (in any form whatsoever) made or due and payable to the Company from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of any of the Collateral by any governmental authority (or any Person acting under color of governmental authority), and (iii) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral, including, without limitation, amounts due or to become due under any of the Leases.

"Replacement Unit" shall have the meaning set forth in Subsection 6.16(c) hereof.

"Security Agent" means Continental, or its successor as provided for in Section 10.8, in its capacity as Security Agent for the Lenders hereunder.

"Subsidiary" shall mean, when used with respect to any Person, any corporation more than 50% of the issued and outstanding shares of Voting Stock of which at the time is

owned or controlled, directly or indirectly, by such Person or by one or more other Subsidiaries of such Person.

"Tank Cars" shall mean at any time the railroad tank cars which are described in Schedule I hereto, together with (i) any and all other Tank Cars which are subjected to the Lien and security interest of this Agreement or intended so to be including any Replacement Units, (ii) any and all parts, mechanisms, devices and replacements referred to in Subsection 6.17 hereof from time to time incorporated in or installed on or attached to any of such tank cars pursuant to requirement of law or governmental regulation and (iii) any and all Non-Removable Improvements.

"Tank Car Cost" shall mean, for each Unit (other than a Replacement Unit), \$1,500,000.00 divided by the number of Tank Cars listed in Schedule I. The "Tank Car Cost" of a Replacement Unit shall be the Tank Car Cost of the Unit which it replaced.

"Unit" shall mean one of the Tank Cars.

"Voting Stock" of a corporation shall mean stock having ordinary voting power for the election of a majority of the board of directors, managers or trustees of such corporation, other than stock having such power only by reason of the happening of a contingency.

"Wholly-Owned Subsidiary" shall mean, when used with respect to any person, any Subsidiary, all the issued and outstanding shares (except for directors' qualifying shares, if required by law) of Voting Stock of which at the time are owned by such Person or by one or more Wholly-Owned Subsidiaries of such Person.

1.2 Use of Defined Terms. All terms defined in this Agreement shall have their defined meanings when used in this Agreement, the Note, or in any certificates, reports or other documents made or delivered pursuant hereto.

1.3 Other Definitional Provision. (a) the words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this agreement.

(b) Terms defined in the singular shall have a comparable meaning when used in the plural and vice versa.

SECTION 2. AMOUNT AND TERMS OF LOANS

2.1 The Loans. In consideration for the delivery of the Loan Documents, and subject to the terms and conditions of this Agreement, the Lenders shall each severally, but not jointly, make a loan (both loans collectively referred to herein as the

"Loans" and individually as a "Loan") to the Company in the principal amount of SEVEN HUNDRED AND FIFTY THOUSAND AND NO/100 DOLLARS (\$750,000.00).

2.2 Use of Proceeds. The Company will use the proceeds of the Loan to retire Company's outstanding indebtedness to Commercial National Bank of Chicago as well as other indebtedness and otherwise provide working capital.

2.3 The Notes. The Loan shall be evidenced by two secured promissory notes of the Company substantially in the form of Exhibit A-1 and A-2 hereto with appropriate insertions therein. Each Note shall (a) be dated as of March 23, 1988, (b) be in the amount of SEVEN HUNDRED AND FIFTY THOUSAND AND NO/100 DOLLARS (\$750,000.00), (c) bear simple interest on the unpaid principal amount thereof from the date thereof at a rate equal to eleven percent (11%) per annum (calculated on the basis of a 360-day year of twelve 30-day months), and (d) be payable in 60 equal consecutive monthly installments of principal and interest on the first day of each calendar month, commencing on the first day of the second calendar month after the date of the Note. Each installment shall include a payment of principal, plus interest on the unpaid principal amount computed from the due date of the previous installment, provided that, in any event, the 60th installment shall be in an amount sufficient to pay in full all accrued interest on, and the entire unpaid principal amount of, the Note. Installments received with respect to each Note shall be applied first to the payment of interest then due and then to the payment of principal. All payments hereunder shall be made without set-off or counterclaim and shall be made in immediately available funds by the Company to the Agent for the account of the Lenders, ratably in accordance with their shares of the Loans. All such payments shall be made to the Agent prior to 12:30 p.m. Chicago time, at its offices at 513 Central Avenue, Highland Park, Illinois 60035, or at such place as may be designated by the Agent to the Company in writing. The Agent will on the same day remit in immediately available funds to each Lender its share of all such payments received by Agent for the account of each Lender. Any payment received after 12:30 p.m., Chicago time, shall be deemed received on the next Business Day.

2.4 Voluntary Prepayment With Prepayment Fee. On any one Installment Payment Date the Company may, upon notice as provided in Subsection 2.6 hereof, ratably prepay the then outstanding principal amount of the Notes in whole or in part, provided that simultaneously with such prepayment the Company pays to the Lenders accrued interest on the outstanding principal amount of the Notes to the date of such prepayment and, to Continental, a prepayment fee as defined and computed in Exhibit A-3 hereto.

2.5 Prepayment for Casualty Occurrence or Transfer. In the event that any Unit shall suffer a Casualty Occurrence and the Company shall not replace such Unit pursuant to Subsection 6.16 hereof, the Company will prepay the Notes ratably in accordance

with the provisions of said Subsection 6.16 and will pay, to Continental, a prepayment fee as defined and computed in Exhibit A-3 hereto. In the event that the Company desires to transfer any Unit by sale, gift, assignment or otherwise to any other entity, whether related or not, other than by lease in the normal course of business, the Company shall first obtain the written approval of the Lenders and shall pay, to Continental, a prepayment fee as defined and computed in Exhibit A-3 hereto. Any request for approval shall be in writing and shall specify the Unit(s) to be sold, the Price of each such Unit, and the proposed date of transfer. The Lenders agree that, upon a transfer in accordance with this Subsection 2.5, they will direct the Security Agent to release its security interests in the Units so transferred, without recourse to or warranty by the Lenders or the Security Agent.

2.6 Notice of Prepayment. The Company shall give written notice to the Lenders of any prepayment of the Notes not less than 10 days nor more than 30 days before the date fixed for such prepayment (which shall be an Installment Payment date if the prepayment is to be made pursuant to Subsection 2.4 hereof), (b) the Subsection hereof under which such prepayment is to be made, (c) the principal amount of the Notes to be prepaid, and (d) accrued interest applicable to such prepayment. Such notice of prepayment shall also certify all facts which are conditions precedent to such prepayment, including, if such prepayment is to be made pursuant to Subsection 2.5 hereof, the calculations used in determining the unpaid principal amount of the Notes to be prepaid. Upon the giving of such notice, the unpaid principal amount of the Notes to be prepaid and accrued interest thereon, shall become due and payable on the date fixed for such prepayment.

2.7 Adjustment of Installments. In the event any partial prepayment of the Notes is made pursuant to Subsection 2.4 or 2.5 hereof, each installment due and payable under the Notes after such partial prepayment shall remain the same until all interest and principal due under the Notes is paid.

2.8 Intentionally Omitted

2.9 Release of Collateral. Upon any prepayment of the Notes pursuant to Subsection 2.4 hereof, the Lenders will direct the Security Agent to promptly execute and deliver to the Company such instruments shall be necessary to release from the Lien and security interest of this Agreement, without recourse to, or representation or warranty by the Lenders or the Security Agent, that number of Units which is equal to the number (disregarding any fraction) obtained by multiplying the total number of Tank Cars which are then subject to the Lien and security interest of this Agreement by a fraction, the numerator of which is the principal amount of the Notes so prepaid and the denominator of which is the aggregate outstanding principal amount of the Notes. The Company shall have the right to designate the Units

to be released, subject to the approval of the Lenders. Corresponding Leases shall also be released. Releases due to prepayments under Subsection 2.5 shall be effected as set forth in such subsection.

2.10 Proration of Payments. If either of the Lenders or other holder of a Note shall obtain any payment or other recovery (whether voluntary, involuntary, by application of offset or otherwise) on account of principal of or interest on either Note in excess of its pro rata share of payments and other recoveries obtained by both Lenders or other holders on account of principal of and interest on Notes then held by them, such Lender, or other holder shall purchase from the others of same such participation in the Notes held by them as shall be necessary to cause such purchaser to share the excess payment or other recovery ratably with each of them; provided, however, that if all or any portion of the excess payment or other recovery is thereafter recovered from such purchasing holder, the purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest. The Company agrees that a Lender, or other holder purchasing a participation from the others of same may exercise all its rights of payment, including the right of set-off, with respect to such participation as fully as if such purchaser were the direct creditor of the Company in the amount of such participation.

SECTION 3. REPRESENTATIONS AND WARRANTIES

In order to induce the Lenders to enter into this Agreement and to make the Loans, the Company represents and warrants to the Lenders that:

3.1 Corporate Existence and Business. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois. Neither the conduct of its business nor the ownership or lease of its properties requires the Company to qualify to do business as a foreign corporation under the laws of any jurisdiction. The Company has no Subsidiaries. The Company presently is engaged solely in the business of purchasing, selling, leasing and managing railroad cars.

3.2 Power and Authorization; Enforceability; Consents. The Company has full power, authority and legal right to own its properties and to conduct its business as now conducted and presently proposed to be conducted by it and to execute, deliver and perform this Agreement, the Loan Documents and the Leases and to borrow under this Agreement and the Notes on the terms and conditions hereof and thereof, to grant the Lien and security interest provided for in this Agreement and to take such action as may be necessary to complete the transactions contemplated by this Agreement, the Loan Documents and the Leases, and the Company has taken all necessary corporate action to authorize the borrowing on the terms and conditions of this Agreement and the

grant of the Lien and security interest provided for in this Agreement and to authorize the execution, delivery and performance of this Agreement, the Notes and the Leases. This Agreement has been duly authorized, executed and delivered by the Company and constitutes, and the Notes have been duly authorized by the Company and when executed and delivered by the Company will constitute, legal, valid and binding obligations of the Company enforceable in accordance with their terms. No consent of any other party (including stockholders of the Company and any Guarantor) and no consent, license, permit, approval or authorization or, exemption by, or registration or declaration with any governmental authority is required in connection with the execution, delivery, performance, validity or enforceability of this Agreement and the Notes except for the filing of this Agreement with the Interstate Commerce Commission and the filing of the applicable U.C.C. financing statements with respect to the Lender's security interest in the Leases, spare parts and improvements in the offices of the Secretary of State of Illinois.

3.3 No Legal Bar. The execution, delivery and performance by the Company of this Agreement, the Loan Documents and the Leases will not violate any provision of any existing law or regulation to which the Company is subject or of any order, judgment, award or decree of any court, arbitrator or governmental authority applicable to the Company or of the Articles of Incorporation, By-Laws or any preferred stock provision of the Company or of any mortgage, indenture, contract or other agreement to which the Company is a party or which is or purports to be binding upon the Company or any of its properties or assets, and will not constitute a default thereunder, and (except as contemplated by this Agreement) will not result in the creation or imposition of any Lien on any of the properties or assets of the Company. The Company is not in default in the performance or observance of any of the obligations, covenants or conditions contained in any bond, debenture or note, or in any mortgage, deed of trust, indenture or loan agreement, of the Company.

3.4 No Material Litigation. There are no actions, suits or proceedings (whether or not purportedly on behalf of the Company) pending or, to the knowledge of the Company, threatened against the Company or any of its properties or assets in any court or before any arbitrator of any kind or before or by an governmental body, which (i) relate to any of the Collateral or to any of the transactions contemplated by this Agreement, or (ii) would, if adversely determined, materially impair the right or ability of the Company to carry on its business substantially as now conducted and presently proposed to be conducted, or (iii) would, if adversely determined, have a material adverse effect on the operating results or on the condition, financial or other of the Company. The Company is not in default with respect to any order, judgment, award, decree, rule or regulation of any court, arbitrator or governmental body.

3.5 No Default. No Default or Event of Default has occurred and is continuing under this Agreement.

3.6 Financial Condition. The unaudited consolidated financial statements of the Company and Temco Corporation as of September 30, 1987 and for the nine months then ended, certified by the president of the Company, copies of which have heretofore been delivered to the Lender, are complete and correct, have been prepared in accordance with generally accepted accounting principles consistently applied throughout the period involved and present fairly the consolidated financial position of the Company and Temco Corporation on September 30, 1987, and the results of their operations for the nine months then ended. There has been no material adverse change in the condition, financial or otherwise, of the Company and Temco Corporation since September 30, 1987.

3.7 Payment of Taxes. The Company has filed all federal, state and local tax returns and declarations of estimated tax which are required to be filed and has paid all taxes which have become due pursuant to such returns and declarations or pursuant to any assessments made against it, and the Company has no knowledge of any deficiency or additional assessment in connection therewith not adequately provided for on the books of the Company. In the opinion of the Company, all tax liabilities of the Company were adequately provided for as of June 30, 1987, and are now so provided for, on the books of the Company.

3.8 Force Majeure. Since December 31, 1987, the business, operations, properties and assets of the Company have not been materially and adversely affected in any way as the result of any fire, explosion, earthquake, disaster, accident, labor disturbance, requisition or taking of property by governmental authority, flood, drought, embargo, riot, civil disturbance, uprising, activity of armed forces, or act of God or a public enemy.

3.9 Burdensome Provisions. The Company is not a party to any agreement or instrument, or subject to any charter or other corporate restriction or to any judgment, order, writ, injunction, decree, award, rule or regulation which does or will materially and adversely affect the business, operations, properties or assets or the condition, financial or other, of the Company.

3.10 Leases. (a) Each Lease has been duly authorized, executed and delivered by the parties thereunder and constitutes a valid and binding obligation of the Company and any other party thereunder, enforceable in accordance with its terms. No consent of any other party (including stockholders of the Company, each Guarantor and each Lessee) and no consent, license, permit, approval or authorization of, exemption by, or registration or declaration with, any governmental authority is required to be obtained, effected or given in connection with the execution, delivery and performance of each Lease by each party thereto

except for the filing of the Leases or a Schedule to this Agreement covering the Leases with the Interstate Commerce Commission.

(b) Neither the Company nor (to the best of the Company's knowledge) the Lessee under any Lease is in default in the performance or observance of any covenant, term or condition contained in such Lease, and no event has occurred and no condition exists which constitutes, or which with the lapse of time or the giving of notice or both would constitute, a default under any Lease. The Company has fully performed all of its obligations under each Lease, and the right, title and interest of the Company, in to and under each Lease is not subject of any defense, offset, counterclaim or claim nor have any of the foregoing been asserted or alleged against the Company as to any Lease.

3.11 Title to Tank Cars; Specifications. As of the time of the making of the Loans by the Lenders under this Agreement, (i) the Company shall have good and valid title to, and be the lawful owner of each Unit described in Schedule I hereto, free and clear of all Liens whatsoever except the following: (a) the Lien in favor of the Commercial National Bank of Chicago, pursuant to the Loan and Security Agreement between the Company and Commercial National Bank of Chicago dated July 26, 1985 and the TWO MILLION AND NO/100 DOLLARS (\$2,000,000.00) loan made to Company therewith, which Lien shall be released by Commercial National Bank of Chicago upon payment by Company of the remaining outstanding loan balance; and (b) the Lien and security interest created by this Agreement, (ii) each Unit shall conform to all Department of Transportation and Interstate Commerce Commission requirements and specifications and to all standards recommended by the Association of American Railroads, in each case applicable to railroad equipment of the same type as such Unit, and (iii) each such Unit shall be in good and serviceable condition except as indicated in Schedule III attached hereto.

3.12 First Lien. Upon the filing of this Agreement and the Leases or a schedule of the Leases in the manner prescribed in Section 11303, Title 49, United States Code and in the related regulations of the Interstate Commerce Commission, the filing of the applicable U.C.C. financing statements with respect to the Security Agent's security interest in Leases, spare parts and improvements in the office of the Secretary of State of Illinois, and the March 23, 1988 prepayment in full of the remaining balance due by Company to Commercial National Bank of Chicago under the note dated July 30, 1985, this Agreement will constitute a legal, valid and perfected first Lien on and first priority security interest in each of the Units (and any Proceeds thereof), each of the Leases (and the Proceeds thereof) and the Cash Collateral Account, as security for the Obligations, free and clear of all other Liens whatsoever other than the rights of the Lessees under the Leases. No security agreement, financing statement, equivalent security or Lien instrument or continuation statement covering all or any part of the Collateral is on file

or of record with the Interstate Commerce Commission or with any other public office, except such as may have been filed by or on behalf of the Company in favor of the Lenders and/or the Security Agent pursuant to this Agreement and except for those documents filed in connection with the Warehousing Agreement and Continental Security Agreement.

3.13 Principal Office. The principal place of business, the chief executive office and the place at which the books and records of the Company are kept is 100 East Scranton Avenue, Lake Bluff, Illinois 60044. The Company will promptly notify the Agent and the Lenders in writing of any change of the address of its principal office, as set forth in Subsection 6.8.

3.14 Pension and Welfare Plan. No liability, fine or penalty exists, whether to the Pension Benefit Guaranty Corporation or otherwise, with respect to any of its Pension or Welfare Benefit Plans, as such terms are defined in ERISA.

3.15 Investment Company. Neither the Company nor the Corporate Guarantor is an "investment company" or company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

3.16 Public Utility Holding Company. Neither the Company nor the Corporate Guarantor is a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

3.17 General Liability Insurance. The Company and the Corporate Guarantor both maintain general liability insurance with a face amount and policy terms and conditions which are ordinary and customary for similar businesses, and which are sufficient in type and amount to ensure the Company, or the Corporate Guarantor, as appropriate, against the risks normally incidental to the conduct of its respective business.

3.18 Subsidiaries and Partnerships. The Corporate Guarantor's only subsidiary is the Company, 80% of the stock of which is owned by the Corporate Guarantor. The Company has no Subsidiaries. Neither the Company nor the Corporate Guarantor is a partner or joint venturer in any partnership or joint venture.

SECTION 4. CONDITIONS OF BORROWING

The obligation of the Lenders to make the Loans hereunder shall be subject to the fulfillment, to the satisfaction of the Lenders, of the following conditions precedent:

(a) The Company shall have executed and delivered to each of the Lenders its Note meeting the requirements of subsection 2.3 hereof;

(b) There shall have been delivered to the Lenders copies, certified by the Secretary of the Company on the date of the Loans, of the Articles of Incorporation of the Company, along with any amendments thereto;

(c) There shall have been delivered to the Lenders copies, certified by the Secretary of the Corporate Guarantor on the date of the Loans, of the Articles of Incorporation of said Corporate Guarantor and a personal financial statement certified by the Individual Guarantor;

(d) There shall have been delivered to the Lenders a copy, certified by the Secretary of the Company on the date of the Loans, of the resolutions of the Board of Directors of the Company approving the transactions contemplated by this Agreement and authorizing the execution, delivery and performance by the Company of this Agreement, the Notes and the Leases and all other documents and instruments required hereby;

(e) There shall have been delivered to the Lenders a copy, certified by the Secretary of the Corporate Guarantor on the date of the Loans, of the resolution of the Board of Directors of such Guarantor authorizing the execution, delivery and performance by the Corporate Guarantor of its Guarantys and all other documents and instruments required hereby or thereby;

(f) There shall have been delivered to the Lenders a Certificate, dated the date of the Loans, signed by the president of the Company stating that each Lease continues in full force and effect on and after the date hereof, that the Company is aware of no current defaults under any such Lease, and that the Leases are valid and enforceable obligations of the parties thereto;

(g) There shall have been delivered to the Lenders a certificate, dated the date of the Loans, with respect to the incumbency and signature of each of the officers of the Company executing this Agreement or any document relating hereto on behalf of the Company;

(h) There shall have been delivered to the Lenders a certificate, dated the date of the Loans, with respect to the incumbency and signature of each of the officers of the Corporate Guarantor executing its Guarantys or any other documents relating hereto or thereto on behalf of the Guarantor;

(i) Corporate and Individual Guarantys, substantially in the form of Exhibits B-1, B-2, B-3 and B-4 shall have been duly executed by the Corporate Guarantor and Individual Guarantor, respectively, and delivered to the Lenders;

(j) There shall have been delivered to the Lenders evidence that this Agreement has been duly filed, registered and recorded with the Interstate Commerce Commission in accordance with Section 11303, Title 49, United States Code, and that there are no Liens on file with the Interstate Commerce Commission, other than those which may have been filed pursuant to this Agreement or the Notes as well as those filed pursuant to the Loan and Security Agreement between Company and Commercial National Bank of Chicago dated July 26, 1985;

(k) All executed counterparts of each Lease in the possession of the Company or of any Person controlling, controlled by or under common control with the Company shall have been delivered to the Security Agent, and the Lenders shall have received a certificate to the foregoing effect, dated the date of the Loans, and signed by a duly authorized officer of the Company;

(l) There shall have been delivered to the Lenders evidence that each Lease or a Schedule describing each Lease has been duly filed, registered and recorded with the Interstate Commerce Commission in accordance with Section 11303, Title 49, United States Code and that a financing statement with respect to the Security Agent's security interest in each Lease has been filed in the office of the Secretary of State of Illinois;

(m) The Company shall have mailed a letter to each Lessee, dated the date of the Loans and in a form acceptable to the Security Agent requesting such Lessee to affirm that such Lessee (i) acknowledges notice of the assignment to the Security Agent of all of the Company's right, title and interest in, to and under its respective Lease, (ii) agrees to make payment of all money under or arising out of such Lease directly to the Cash Collateral Account until such time as it shall have received notice from the Agent or Security Agent otherwise, (iii) agrees that each such payment shall be final and that such Lessee shall not seek to recover from either of the Lenders, the Agent or Security Agent for any reason whatsoever, any moneys paid by such Lessee to the Lender by virtue of this Agreement and that such Lessee will not seek recourse against either of the Lenders, the Agent or Security Agent by reason of this Agreement or such Lease, and (iv) certifies to the effect that such Lease is in full force and effect and constitutes a valid and binding agreement of such Lessee, enforceable in accordance with its terms; the Company shall use its best efforts to obtain an acknowledged copy of such letter back from each Lessee;

(n) The representations and warranties contained in Section 3 hereof shall be true and correct on and as of the date of the making of the Loans with the same effect as if

made on and as of such date, and no Default or Event of Default shall be in existence on the date of the making of the Loans or would occur as a result of the Loans;

(o) There shall have been delivered to the Lenders a copy of the warranty bill of sale from Philrock with respect to 175 of the Tank Cars, substantially in the form of Exhibit C-1 hereto, transferring to the Company good title to the Tank Cars and a copy of the warranty bill of sale from Whitney Chemical, Inc. with respect to one of the Tank Cars, substantially in the form of Exhibit C-2 hereto, transferring to Temco Corporation good title to the Tank Car;

(p) There shall have been delivered to the Lenders evidence of insurance with respect to the Tank Cars, which indicates compliance by the Company with the provision of Subsection 6.15 hereof;

(q) There shall have been delivered to the Lenders a certificate, dated the date of the Loans and signed by the President or any Vice President of the Company, to the same effect as paragraph (n) of this Section 4 and to the further effect that (i) the Company has valid and legal title to, and is the lawful owner of, the Tank Cars, free and clear of all Liens except the Liens and security interests created by this Agreement as well as those created by the Loan and Security Agreement between Company and Commercial National Bank of Chicago dated July 26, 1985, which Liens shall be released by Commercial National Bank of Chicago upon payment by Company of the remaining outstanding loan balance; and (ii) the Tank Cars have been duly leased to the Lessees under the respective leases;

(r) There shall not have been in the judgment of the Lenders, any material adverse change in the financial condition or business operations of the Company or any Guarantor;

(s) There shall have been delivered to the Lenders, opinions of Hinshaw, Culbertson, Moelmann, Hoban & Fuller, Counsel for the Company dated the date of the Loans and substantially in the form of Exhibits D-1 and D-2 hereto;

(t) There shall have been delivered to the Lenders, opinions of Jackson and Campbell, P.C., dated the date of the Loans and substantially in the form of Exhibits E-1 and E-2 hereto;

(u) The Lenders, the Agent and/or the Security Agent shall have received any other documents, instruments or certificates that the Lenders may reasonably request; and

(v) There shall have been delivered to the Lenders a Payoff Letter from Commercial National Bank of Chicago regarding the Company's current indebtedness thereto.

SECTION 5. GRANT OF LIEN AND SECURITY INTERESTS

As collateral security for (a) the prompt and complete payment when due (whether at the stated maturity, by prepayment, by acceleration or otherwise) of the unpaid principal and interest on the Notes, (b) the due and punctual payment and performance by the Company of all of its obligations and liabilities under or arising out of or in connection with this Agreement (all of the foregoing being hereinafter called the "Obligations"), and (c) all obligations of the Company under a certain Warehousing Agreement between the Company and Continental dated as of March 22, 1988, (as it may be amended, the "Warehousing Agreement"), including all "Liabilities" of the Company as such term is defined in the Security Agreement dated as of March 22, 1988 between the Company and Continental (as it may be amended from time to time, the "Continental Security Agreement") (all such obligations and Liabilities of the Company to Continental are herein called the "Continental Liabilities"), and in order to induce the Lenders to make the Loans hereunder:

5.1 Tank Cars. The Company does hereby assign, convey, mortgage, pledge and transfer to the Security Agent for the benefit and on account of the Lenders, and does hereby grant to the Security Agent for the benefit and on account of the Lenders a continuing security interest in, all of the Tank Cars and any and all Proceeds thereof, provided, however that the Lenders do not hereby consent to the sale or other disposal thereof by virtue of Security Agent's taking of a security interest in such Proceeds.

5.2 Leases. (a) The Company does hereby assign, convey, mortgage, pledge and transfer to the Security Agent for the benefit and on account of the Lenders, and does hereby grant to the Security Agent for the benefit and on account of the Lenders a continuing security interest in, all of the right, title and interest of the Company in, to and under each of the Leases, including, without limitation, all right, title and interest of the Company in and to all rents, issues, profits, revenues and other income arising under each of the Leases and other moneys due and to become due to the Company under or arising out of each of the Leases, all accounts and general intangibles under or arising out of each of the Leases, all proceeds of each of the Leases and all claims for damages arising out of the breach of either of the Leases, the right of the Company to terminate each of the Leases and to compel performance of the terms and provisions thereof, and all chattel paper, contracts, instruments and other documents evidencing each of the Leases or any moneys due or to become due thereunder or related thereto. Each and every copy of each of the riders to the Leases pertaining to the Tank Cars which the Company directly or indirectly has in its control or possession shall have attached thereto a notice indicating the Security Agent's interest therein.

(b) The Company agrees that (i) it will specifically authorize and direct the Lessee under each Lease to make payment of all amounts due and to become due to the Company under or arising out of such Lease directly to an account of the Security Agent, to be maintained by the Security Agent at the office of NBD located at 513 Central Avenue, Highland Park, Illinois 60035 and entitled "Temco Leasing Company Cash Collateral Account" (the "Cash Collateral Account"), (ii) it will hold in trust any such amount received by it and forthwith pay the same to the Security Agent, and (iii) it hereby irrevocably authorizes and empowers the Security Agent to ask, demand, receive, receipt and give acquittance for any and all such amounts which may be or become due and payable or remain unpaid to the Company by such Lessee at any time or times under or arising out of such Lease, to endorse any checks, drafts or other orders for the payment of money payable to the Company in payment therefor, and in the Security Agent's discretion to file any claims or take any action or proceedings either in its own name or in the name of the Company or otherwise which the Security Agent may deem to be necessary or advisable in the premises.

(c) It is expressly agreed by the Company that, anything herein to the contrary notwithstanding, the Company shall remain liable under the Leases to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with and pursuant to the terms and provisions thereof. None of the Lenders, the Agent or the Security Agent shall have any obligation or liability under the Leases by reason of or arising out of this Agreement or the assignment of the Leases to the Security Agent for the benefit of the Lenders or the receipt by the Security Agent or any of the Lenders of any payment pursuant thereto, nor shall the Lenders be required or obligated in any manner to perform or fulfill any of the obligations of the Company under or pursuant to the Leases, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any performance by the Lessees or to present or file any claim, or to take any action to enforce the observance of any obligations of the Lessees under the Leases.

5.3 Cash Collateral Account. The Company does hereby assign, convey, mortgage, pledge and transfer to the Security Agent, for the benefit of the Lenders, and does hereby grant to the Security Agent a continuing security interest in, all moneys at any time held in the Cash Collateral Account.

5.4 Application of Funds. The Lenders hereby agree that so long as no Default or Event of Default has occurred and is continuing, the Agent will promptly pay or cause to be paid to the Company's demand deposit account with the Agent all amounts on deposit in the Cash Collateral Account when the Obligations shall have been paid, performed and discharged in full, the Agent shall pay or cause to be paid to the Company all amounts then on deposit in the Cash Collateral Account and shall notify each Lessee to make all further payments under its Lease directly to

the Company or as the Company shall direct. Nothing contained in Section 5 of this Agreement or elsewhere in this Agreement is intended or shall impair, diminish or alter the obligation of the Company, which is absolute and unconditional, to pay to the Lenders all principal of and interest on the Notes and all amounts payable under this Agreement as and when the same shall become due and payable in accordance with their respective terms.

SECTION 6. COVENANTS

The Company hereby covenants and agrees that from the date of this Agreement and so long as any amount remains unpaid on account of the Notes or otherwise with respect to the Obligations, unless the Lenders shall otherwise consent in writing:

6.1 Financial Statements. The Company will furnish or cause to be furnished to the Lenders:

(a) as soon as available, but in any event not later than 120 days after the end of each fiscal year of the Company, both a consolidated and a non-consolidated balance sheet of the Company and the Corporate Guarantor as of the end of such fiscal year and the related consolidated and non-consolidated statements of income and of changes in financial position of the Company and the Corporate Guarantor for such fiscal year, all in reasonable detail, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout such fiscal year and accompanied by a report or opinion of independent certified public accountants of recognized standing selected by the Company and satisfactory to the Lenders;

(b) as soon as available, but in any event not later than 90 days after the end of each quarter, other than the last, of each fiscal year of the Company, both an unaudited consolidated and non-consolidated balance sheet of the Company and the Corporate Guarantor as of the end of such quarter and the related unaudited statements of income and of changes in financial position of the Company and the Corporate Guarantor for the period from the beginning of such fiscal year to the end of such quarter, all in reasonable detail, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout the period involved and certified by the chief financial officer of the Company (subject to normal year-end audit adjustments);

(c) concurrently with the delivery of the financial statements referred to in clauses (a) and (b) above, a certificate of the chief financial officer of the Company stating that, to the best of his knowledge after due inquiry, the Company has observed and performed each and every

covenant and agreement of the Company contained in this Agreement, the Notes and the Leases and that no Default or Event of Default has occurred during the period covered by such financial statements or is in existence on the date of such certificate or, if a Default or Event of Default has occurred or is in existence, specifying the same;

(d) concurrently with the delivery of the financial statements referred to in clause (a) above, a certificate of the independent public accountants who certified such statements to the effect that, in making the examination necessary for the audit of such financial statements, they obtained no knowledge of any Default or Event of Default, or, if they shall have obtained knowledge of any Default or Event of Default, specifying the same;

(e) as soon as available, but in any event no later than April 30 of each year, a personal financial statement of the Individual Guarantor certified by such Guarantor or an independent certified public accountant, showing such Guarantor's financial position as of December 31 of the previous calendar year;

(f) during any period when the Company shall have one or more Subsidiaries, within the periods prescribed in clauses (a) and (b) above, financial statements of the character and for the period or periods and as of the date or dates specified in such clauses and certified or accompanied by a report or opinion of independent public accountants as therein provided, covering the financial condition, income and changes in financial position of the Company and each of its Subsidiaries on a consolidated basis and, if requested by either of the Lenders, a consolidating basis;

(g) promptly upon request, such additional financial and other information with respect to the Company and any Guarantor as either of the Lenders may from time to time reasonably require.

6.2 Reports. (a) on or before March 31 of each year, commencing with the year 1989, the Company shall furnish or cause to be furnished to the Lenders a report, certified by the chief financial officer of the Company, (i) setting forth as of the preceding December 31 (A) the amount, description and identifying numbers of all Units then subject to this Agreement and (B) the amount, description and identifying numbers of all Units that have suffered a Casualty Occurrence or are then undergoing repairs (other than running repairs) or have been withdrawn from use pending repairs (other than running repairs) during the preceding calendar year (or since the date of this Agreement in the case of the first such report) and (ii) stating that, in the case of all Units repaired or repainted during the period covered by such report, the numbers and markings required by Subsection 6.21 hereof have been preserved or replaced.

(b) The Company will prepare and deliver to the Lenders within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lenders) all reports (other than income tax returns), if any, relating to the maintenance, registration and operation of the Tank Cars required to be filed with any federal, state or other regulatory agency by reason of the Security Agent's Lien on and security interest in the Tank Cars or the Leases or the provisions of this Agreement.

6.3 Limitation on Fundamental Changes. The Company will not convey, sell, lease, transfer, pledge or otherwise dispose of, in one transaction or a series of related transactions, all or any substantial part of its properties, assets or business or change the form of organization of its business or liquidate or dissolve itself (or suffer any liquidation or dissolution), provided, however, that the Company may lease the Tank Cars, and any other equipment held by it, in the ordinary course of business. The Company will not enter into any transaction of merger or consolidation except that the Company may merge into or consolidate with the Corporate Guarantor within one year after the date hereof, provided that immediately after giving effect to such transaction, (a) no Default or Event of Default shall exist or be continuing and (b) if the Company is not the survivor to such transaction, such survivor shall expressly agree in writing that it is liable for all of the Company's Obligations to the same extent as if originally undertaken by or imposed upon such survivor.

6.4 Payment of Taxes. The Company will promptly pay and discharge or cause to be paid and discharged, before the same shall become in default, all lawful taxes, assessments and governmental charges or levies imposed upon the Company, or upon any property, real, personal or mixed, belonging to the Company, or upon any part thereof, as well as all lawful claims for labor, materials and supplies which, if unpaid, might become a Lien upon any such property or any part thereof; provided, however, that the Company shall not be required to pay and discharge or to cause to be paid and discharged any such tax, assessment, charge, levy or claim so long as (i) the validity thereof shall be contested in good faith by appropriate proceedings, (ii) such proceedings do not involve any danger of the sale, forfeiture or loss of such property or any part thereof, and (iii) the Company shall have set aside on its books adequate reserves with respect thereto.

6.5 Conduct of Business; Maintenance of Existence. The Company will engage primarily in the business presently conducted by it, and will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights and franchises necessary to continue such business. The Company will qualify as a foreign corporation and remain in good standing under the laws of each jurisdiction in

which it is required to be qualified by reason of the ownership of its assets or the conduct of its business.

6.6 Compliance with Laws and Rules. The Company will (i) comply, and use its best efforts to cause each Lessee and every user of the Tank Cars to comply in all material respects (including, without limitation, with respect to the use, maintenance and operation of the Tank Cars), with all laws of the jurisdictions in which its or such Lessee's or such user's operations involving the Tank Cars may extend, with the interchange rules of the American Association of Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other governmental authority exercising any power or jurisdiction over the Tank Cars, to the extent that such laws or rules affect the title to, or the operation or use of, or the Security Agent's Lien and security interest in, the Tank Cars, and in the event that such laws or rules require any alteration of, or any replacement or addition of or to any part on, any Unit, the Company will conform therewith at its own expense, and, (ii) comply in all material respects with all other applicable laws and regulations of any governmental authority relative to the conduct of its business or the ownership of its properties or assets, provided, however, that the Company may, in good faith, contest the validity or application of any such law or rule by appropriate proceedings which do not, in the opinion of the Lenders, involve any danger of the sale, forfeiture or loss of the Tank Cars or any part thereof.

6.7 Maintenance of Properties. The Company will at all times maintain and keep, or cause to be maintained and kept, in good repair, working order and condition all property of the Company used or useful in the conduct of its business, and will from time to time make or cause to be made all needful and proper repairs, renewals, replacements, betterments and improvements thereof, so that the business carried on in connection therewith may be properly and advantageously conducted at all times.

6.8 Principal Office. The Company will not change the location of its principal place of business, its chief executive office or the place at which its books and records are kept from the address specified in Subsection 3.13 hereof unless it shall have given the Lenders at least 90 days prior written notice of such change, and the Company will at all times maintain its principal place of business, chief executive office and the place at which its books and records are kept within the United States of America.

6.9 Indemnities, etc. (a) In any suit, proceedings or action brought by the Security Agent and the Lenders under any of the Leases or to enforce any provision thereof, the Company will save, indemnify and hold the Security Agent and the Lenders harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction of liability whatsoever of the Lessee thereunder,

arising out of a breach by the Company of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such Lessee from the Company, and all such obligations of the Company shall be and remain enforceable against and only against the Company and shall not be enforceable against the Lenders, the Security Agent or the Agent.

(b) The Company agrees to indemnify and hold the Lenders, the Security Agent and the Agent harmless against any and all liabilities, obligations, losses, damages, claims, suits, costs, expenses and disbursements (including reasonable legal fees and expenses) incurred by or asserted against any of them with respect to claims for personal injury or property damage arising from its participation in the transactions contemplated by this Agreement, the Leases or the Notes except for claims arising due to the gross negligence or willful misconduct of the Lenders, the Security Agent or the Agent or their employees or agents.

6.10 Performance of Leases. The Company will perform and comply in all material respects with all its obligations under each Lease and all other agreements to which it is a party or by which it is bound relating to the Collateral, and the Company will use its best efforts to cause each other party thereto to so perform and comply.

6.11 Preservation of Collateral. (a) The Company will not create, permit or suffer to exist, and will defend the Collateral against and take such other action as is necessary to remove, any Lien, claim or right in or to the Collateral (other than the Lien and security interest created by this Agreement, Permitted Liens and the Warehousing Agreement and Continental Security Agreement relating thereto), and will defend the right, title and interest of the Security Agent and the Lenders in and to the Company's rights under the Leases and rights in the Tank Cars and in and to the Proceeds thereof against the claims and demands of all other Persons whomsoever.

(b) The Company will not sell, transfer or otherwise dispose of any of the Collateral or attempt to offer to do so, except as provided in Subsections 2.4, 2.5, and 6.3.

(c) The Company will advise the Lenders promptly, in reasonable detail, of any Lien or claim made or asserted against any of the Collateral and of any event affecting the Security Agent's Lien on and security interest in the Collateral.

(d) The Company shall use its best efforts to keep the Tank Cars under lease at all times at rental rates which are favorable to the Company. The Company shall be subject to the minimum debt coverage requirement of Subsection 6.23. The Company shall promptly provide the Security Agent with

each Lease entered into with respect to any of the Tank Cars after the date hereof. Any such Lease shall instruct the lessee thereunder to make its lease payments to the Cash Collateral Account as set forth in Subsection 5.2(b).

6.12 Location of Tank Cars. The Company will not permit any of the Tank Cars to be located outside the continental United States of America or Canada at any time, except that not more than 10% of the Tank Cars may be temporarily or incidentally used in Mexico, provided that each Lease covering Tank Cars so used shall provide that if a Tank Car is so used, the Lessee thereof shall have first obtained the permission of the Company.

6.13 Further Assurances; Recordation and Filing. The Company will at its sole cost and expense, do, execute, acknowledge and deliver all further acts, supplements, mortgages, security agreements, conveyances, transfers and assurances necessary or advisable for the perfection and preservation of the Lien and security interest created by this Agreement in the Collateral, whether now owned or hereafter acquired. The Company will cause this Agreement and any supplements hereto, and all financing and continuation statements and similar notices requested by the Lenders or the Security Agent or required by applicable law, at all times to be kept, recorded and filed at no expense to the Lenders or the Security Agent in such manner and in such places as may be required by law in order fully to preserve and protect the rights of the Security Agent and Lenders hereunder.

6.14 ICC Jurisdiction. The Company will not take or permit to be taken any action within its control which would subject it to the jurisdiction of the Interstate Commerce Commission as a "carrier", "railroad carrier" or "common carrier", as such terms are defined in Title 49, United States Code, if such jurisdiction will adversely affect the ability of the Company to perform its obligations under this Agreement, the Notes or the Leases or adversely affect the validity or enforceability of this Agreement, the Notes or the Leases.

6.15 Maintenance of Insurance.- (a) The Company will maintain or cause to be maintained with financially sound and reputable insurance companies acceptable to Lenders, insurance policies (i) insuring the Company and the Lenders against liability for personal injury and property damage caused by or relating to such Tank Cars or their use with coverage in the amount of at least \$2,000,000.00, all such insurance policies to be in such form and to have such coverage as shall be satisfactory to the Lenders, with losses payable to the Company and the Lenders (or the Security Agent) as their respective interests may appear.

(b) All insurance required by this Subsection 6.15 shall (i) be with the carriers designated above or other carriers acceptable to the Lenders, (ii) name the Lenders (or the Security Agent) as assureds and loss-payees, as their interest may appear, (iii) provide for at least 30

days' prior written notice to the Lenders before any cancellation, reduction in amount or change in coverage thereof shall be effective, (iv) contain a breach of warranty clause in favor of the Lenders and (v) provide that the Lenders shall have no obligation or liability for premiums, commissions, assessments or calls in connection with such insurance.

(c) The Company shall, if so requested by the Lenders, deliver to the Lenders within a reasonable time and as often as the Lenders may reasonably request a report of a reputable insurance broker with respect to the insurance on the Tank Cars.

(d) The Lenders may waive any or all of the requirements of this Subsection 6.15 if they receive a written opinion, from an insurer or insurance broker acceptable to Lenders, stating that certain losses set forth above are the risks of the shippers, railroads, and/or repair shops rather than risks imposed upon the Company.

(e) The Company shall make reasonable efforts to purchase and maintain Key Man life insurance on the life of Bruce H. Borland as soon as possible but in no event later than 60 days after the date of this Agreement in the face amount of \$375,000. Such policy shall be collaterally assigned to the Security Agent for the benefit of the Lenders. Notwithstanding the foregoing, if, after giving notice to the Security Agent, the available coverage is determined to be unavailable or prohibitively expensive, this requirement shall be deemed waived.

6.16 Casualty Occurrence. (a) In the event of a Casualty Occurrence with respect to any Unit, the Company shall, promptly after it has knowledge of same, give the Lenders written notice of such Casualty Occurrence, which notice shall (i) identify the Unit which has suffered the Casualty Occurrence, (ii) set forth the Casualty Value of such Damaged Unit (and the calculations used in the determination thereof) as of the date which is not less than 10 days nor more than 45 days after the date of such notice (the "Casualty Value Determination Date"), and (iii) specify whether the Company will, on the Casualty Value Determination Date, prepay the Notes pursuant to paragraph (b) of this Subsection 6.16 or replace the Damaged Unit pursuant to paragraph (c) of this Subsection 6.16.

(b) If the notice given pursuant to paragraph (a) of this Subsection 6.16 specifies that the Company will prepay the Notes on the Casualty Value Determination Date, the Company will, on such date, (i) prepay the Notes in an aggregate principal amount equal to the Casualty Value of the Damaged Unit as of such date and (ii) pay the accrued interest on the principal amount so prepaid to the date of prepayment.

(c) If the notice given pursuant to paragraph (a) of this Subsection 6.16 specifies that the Company will replace the Damaged Unit, the Company will, on or prior to the Casualty Value Determination Date:

(i) replace the Damaged Unit with a tank car of the same type, which has a value and utility at least equal to, and which is in as good condition as, the Damaged Unit immediately prior to the Casualty Occurrence (assuming that such Damaged Unit was then in the condition required to be maintained by Subsection 6.17 hereof) and which is free and clear of all Liens other than Permitted Liens,

(ii) take all steps necessary to subject such replacement tank car (the "Replacement Unit") to the Lien and security interest of this Agreement and to subject such Replacement Unit to the applicable Lease, and

(iii) deliver to the Lenders such documents evidencing the foregoing as the Lenders may reasonably request, including, without limitation, (A) a duly executed supplement to the Agreement, satisfactory in form and substance to Lenders and its counsel, describing the Replacement Unit and subjecting the Replacement Unit to the Lien and security interest of this Agreement, together with evidence that such supplement has been duly filed, registered and recorded with Interstate Commerce Commission in accordance with Section 11303, Title 49, United States Code, and (B) documents and opinions of counsel with respect thereto corresponding to those described in paragraphs (o), (p), (q), (s), and (t) of Section 4 hereof;

Upon the Company's compliance with the foregoing provisions of this Section 6.16, the Lenders will, if no Default or Event of Default has occurred and is continuing, execute and deliver to the Company such instruments as shall be necessary to release such Damaged Unit from the Lien and security interest of this Agreement (without recourse to, or representation or warranty by, the Lenders or the Security Agent).

6.17 Maintenance. The Company will, at no expense to the Lenders, keep and maintain or cause to be kept and maintained, the Tank Cars in good repair, condition and working order, eligible for interchange with other railroads pursuant to Association of American Railroads Interchange Standards, and will cause to be furnished all parts, mechanisms, devices and servicing required therefor so that the value, condition and operating efficiency thereof will at all times be maintained and preserved, ordinary wear and tear excepted.

6.18 Notice of Default; etc. The Company will promptly give written notice to the Lenders of (a) the occurrence of any Default or Event of Default; (b) any litigation or proceedings relating to the Collateral; (c) any litigation or proceedings affecting the Company or any of its properties or assets which, if adversely determined, might have a material adverse effect upon the financial condition, business or operations of the Company; and (d) any dispute between the Company and any governmental regulatory body that might materially interfere with the normal business operations of the Company.

6.19 Books and Records. The Company will keep proper books of record and account in which full, true and correct entries in accordance with generally accepted accounting principles will be made of all dealings or transactions in relation to its business and activities.

6.20 Inspection. The Company will permit each of the Lenders and any persons designated by either of them to visit and inspect any of the properties, corporate books and financial records of the Company and to discuss the affairs, finances and accounts of the Company with its respective officers, all at such reasonable times and as often as the Lenders may reasonably request.

6.21 Marking of Tank Cars. The Company will cause each Unit to be numbered at all times with the identification number set forth in Schedule I hereto pertaining to such Unit and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the following words: "TITLE TO THIS CAR SUBJECT TO DOCUMENTS RECORDED WITH INTERSTATE COMMERCE COMMISSION" or other appropriate words designated by either of the Lenders or the Security Agent, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Security Agent's and the Lenders' interest in the Tank Cars and their rights under this Agreement. The Company will replace or will cause to be replaced promptly any such words which may be removed, defaced or destroyed. The Company will not permit the identifying number of any Unit to be changed except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been delivered to the Lenders and filed, recorded and deposited by the Company in all public offices where this Agreement shall have been filed, recorded or deposited.

6.22 Additional Leases. The Company shall cause any Leases subject hereto, or which may from time to time hereafter become subject hereto, which are not described in Schedule II hereof, (i) to be duly filed, registered and recorded with the Interstate Commerce Commission in accordance with Section 11303, Title 49, United States Code, by executing a supplement to this Agreement in a form acceptable to Lenders, setting forth such Leases as additional security hereunder, and effecting the filing,

registering and recording of same, and (ii) to be added as additional security of the Security Agent by the filing of the applicable UCC financing statement with the Secretary of State of Illinois identifying such Leases as collateral of the Security Agent.

6.23 Lease Rental Coverage. Total annual rental income from Leases with remaining terms of at least twelve months shall at all times equal or exceed one-half of the annual principal and interest payments due under the Notes (\$195,681.50).

SECTION 7. POWER OF ATTORNEY

7.1 Appointment. The Company hereby irrevocably constitutes and appoints the Lenders, the Agent and the Security Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorneys-in-fact with full irrevocable power and authority in the place and stead of the Company and in the name of the Company or in its own name, from time to time in the Lenders', the Agent's and the Security Agent's discretion, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, the Company hereby gives the Lenders, the Agent and the Security Agent, as appropriate, the power and right, on behalf of the Company, without notice to or assent by the Company, to do the following:

(a) (i) to receive payment of and receipt for any and all moneys, claims and other amounts due and to become due at any time in respect of or arising out of any Collateral and (ii) to endorse any checks, drafts or other orders for the payment of money payable to the Company in connection with the Collateral;

(b) upon default by the Company in the performance of Subsection 6.4 or 6.15, the Lenders may, but shall not be obligated to, (i) effect any insurance called for by the terms of Subsection 6.15 and pay all or any part of the premiums therefor and the costs thereof and (ii) pay and discharge any taxes, Liens and encumbrances on the Collateral; and

(c) upon the occurrence and continuance of any Event of Default or of any Default specified in paragraph (i) of Section 8 hereof, (i) to sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications and notices in connection with accounts and other documents relating to the Collateral; (ii) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the

Collateral or any thereof and to enforce any other right in respect of any of the Collateral; (iii) to defend any suit, action or proceeding brought against the Company with respect to any of the Collateral; (iv) to settle, compromise or adjust any suit, action or proceeding described in clause (iii) above and, in connection therewith, to give such discharges or releases as the Lenders may deem appropriate; and (v) generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Lenders were the absolute owners thereof for all purposes, and to do, at the Lenders' option and the Company's expense, at any time or from time to time, all acts and things which the Lenders deem necessary to protect, preserve or realize upon the Collateral and the Lenders' security interest therein, in order to effect the intent of this Agreement, all as fully and effectively as the Company might do.

The Company hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

7.2 No Duty. The powers conferred on the Lenders, the Security Agent and the Agent hereunder are solely to protect their interests in the Collateral and shall not impose any duty upon them to exercise any such powers. The Lenders, the Security Agent and the Agent shall be accountable only for amounts that they actually receive as a result of the exercise of such powers and neither they nor any of their officers, directors, employees or agents shall be responsible to the Company for any act or failure to act, except for its or their own gross negligence or willful misconduct.

7.3 Additional Rights. (a) The Company authorizes the Lenders, the Security Agent and the Agent at any time and from time to time, (i) to communicate in its own name with regard to the assignment of the Leases and other matters related thereto and (ii) to execute, in connection with the sale provided for in Section 9(b) of this Agreement, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

(b) If the Company fails to perform or comply with any of its agreements contained herein, the Lenders, the Security Agent or the Agent may perform or comply, or otherwise cause performance or compliance, with such agreement, and the expenses of the Lenders, the Security Agent or the Agent incurred in connection with such performance or compliance, together with interest thereon at the rate for the Loans specified in Subsection 2.3 hereof shall be payable by the Company to the Lenders, the Security Agent or the Agent on demand and shall constitute part of the Obligations secured hereby.

SECTION 8. EVENTS OF DEFAULT

If any of the following Events of Default shall occur and be continuing:

(a) Failure to pay any principal, premium, if any, or interest on the Notes when due and the continuance of such failure for five days after notice thereof shall have been given to the Company by the Agent or any Lender;

(b) Any representation or warranty made by the Company in this Agreement, by any Guarantor in any Guaranty, or by the Company or any Guarantor or any officer of any of them in any document, certificate or financial or other statement furnished at any time under or in connection with this Agreement or the Guaranty, shall prove to have been untrue or inaccurate in any material respect at the time when made;

(c) The default by the Company in the observance or performance of any covenant contained in Subsection 5.2(b), 6.3, 6.11(a), 6.11(b), 6.12, 6.15(a), 6.15(b), 6.15(e), 6.16, 6.17 hereof or 6.23;

(d) The default by the Company in the observance or performance of any other covenant or agreement contained in this Agreement and the continuance of such default for 30 days after written notice, specifying such default, shall have been given to the Company by the Agent;

(e) The Corporate Guarantor shall cease to be the record and beneficial owners of 80% or more of the issued and outstanding capital stock of the Company;

(f) The default by the Company or any Guarantor in any payment of principal of, or interest on, any obligation for borrowed money (other than the Notes) or for the deferred purchase price of any property or asset or any obligation guaranteed by it or in respect of which it is liable, for a period equal to the period of grace, if any, applicable to such default, or in the performance or observance of any other term, condition or covenant contained in any such obligation or in any agreement or instrument relating thereto if the effect of such default is to cause, or to permit the holder or holders of such obligation (or a trustee or agent on behalf of such holder or holders) to cause, such obligation to become due and payable prior to its stated maturity or to realize upon any collateral given as security therefor, unless the aggregate amount of all such obligations as to which any such default shall have occurred does not exceed \$50,000.00;

(g) Any "Event of Default" shall occur under the Warehousing Agreement;

(h) Any Guarantor shall breach or disaffirm any of its obligations or covenants under its Guaranty or any such Guaranty shall cease to be in full force and effect;

(i) Filing by the Company or any Guarantor of a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization, arrangement, readjustment of its debts or for any other relief under any bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement, composition, readjustment of debt or other similar act or law of any jurisdiction, domestic or foreign, now or hereafter existing or any action by the Company or any Guarantor indicating its consent to, approval of, or acquiescence in, any such petition or proceeding; the application by the Company or any Guarantor for, or the appointment by consent or acquiescence of, a receiver or trustee for the Company or any Guarantor or for all or a substantial part of its property; the making by the Company or any Guarantor of an assignment for the benefit of creditors; the inability of the Company or any Guarantor, or the admission by the Company or any Guarantor in writing of its inability, to pay its debts as they mature;

(j) Filing of an involuntary petition against the Company or any Guarantor in bankruptcy or seeking reorganization, arrangement, readjustment of its debts or for any other relief under any bankruptcy, insolvency, reorganization, liquidation dissolution, arrangement, composition, readjustment of debt or other similar act or law of any jurisdiction, domestic or foreign, now or hereafter existing; or the involuntary appointment of a receiver or trustee of the Company or any Guarantor or for all or a substantial part of its property; or the service on the Company or any Guarantor of a warrant of attachment, execution or similar process against any substantial part of its property; and the continuance of any of such events for 60 days undismissed, unbonded or undischarged;

(k) Judgment for the payment of money in excess of \$50,000 shall be rendered against the Company or any Guarantor and the same shall remain undischarged for a period of 60 days during which execution shall not be effectively stayed;

then, and in any such event, the Lenders, the Agent and the Security Agent may exercise any and all remedies granted to them under this Agreement and under applicable law, and may further, by notice of default given to the Company by the Agent declare the Notes to be forthwith due and payable (except that, if an Event of Default under paragraph (h) or (i) occurs, the Notes and all other Obligations shall become immediately due and payable without declaration or notice of any kind), whereupon the unpaid principal amount of the Notes, together with accrued interest

thereon, shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the Notes to the contrary notwithstanding.

SECTION 9. REMEDIES

If an Event of Default shall occur and be continuing:

(a) The Obligations may be (or shall be, in the case of insolvency) accelerated as provided in Section 8.

(b) All payments received by the Company in connection with or arising out of any of the Collateral shall be held by the Company in trust for the Security Agent and the Lenders, shall be segregated from other funds of the Company and shall forthwith upon receipt by the Company be turned over to the Agent or Security Agent, in the same form as received by the Company (duly endorsed by the Company to the Agent or Security Agent if required); any and all such payments so received by the Security Agent or the Agent (whether from the Company or otherwise) may, in the sole discretion of the Lenders, be held by the Agent or Security Agent as collateral security for the Obligations, and/or then or at any time thereafter applied in whole or in part by the Agent or Security Agent against all or any part of the Obligations; any excess shall be paid over to the Company or to whomsoever may be lawfully entitled to receive the same;

(c) The Security Agent, on behalf of the Lenders, may exercise in addition to all other rights and remedies granted to it or the Lenders in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the Uniform Commercial Code of the State of Illinois and the Interstate Commerce Act, 49 U.S.C. §10101 et seq. Without limiting the generality of the foregoing, the Company expressly agrees that in any such event the Security Agent, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon the Company or any other Person (all and each of which demands, advertisements and/or notices are hereby expressly waived), may forthwith collect, receive, appropriate and realize upon the Collateral or any part thereof and may take possession of the Tank Cars and/or may forthwith sell, assign, give option or options to purchase, or sell, lease or otherwise dispose of and deliver the Collateral, or any part thereof, in any manner permitted by applicable law (or contract to do so) in one or more parcels at public or private sale or sales, at the office of any broker or at any of the Lenders' offices or elsewhere at such prices as it may deem best, for cash or on credit or

for future delivery without assumption of any credit risk, with the right of the Security Agent upon any such sale or sales, public or private, to purchase in the name and on behalf of the Lenders the whole or any part of the Collateral so sold, free of any right or equity of redemption in the Company, which right or equity of redemption is hereby expressly waived and released. If any notification of intended disposition of any of the Collateral is required by law, such notification shall be deemed reasonably and properly given if mailed at least fifteen (15) days before such disposition, by registered or certified mail, postage prepaid, addressed to the Company at the address set forth in Subsection 10.2 hereof. The Company further agrees, at the Security Agent's request, to collect the Tank Cars and make them available to the Security Agent as hereinafter provided. The Security Agent shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization and sale after deducting all reasonable costs and expenses of every kind incurred therein or incidental to the care, safe-keeping or otherwise of any or all of the Collateral or in any way relating to the rights of the Lenders, the Agent or the Security Agent hereunder, including reasonable attorney's fees and legal expenses, to the payment in whole or in part of the Obligations and the Continental Liabilities, in such order as the Lenders may elect, the Company remaining liable for any deficiency remaining unpaid after such net proceeds and after the payment by the Lenders, the Agent or the Security Agent of any other amount required by any provision of law, including Section 9504(1)(c) of the Uniform Commercial Code of the State of Illinois. Any surplus after payment in full of the Obligations and Continental Liabilities shall be returned to the Company as soon as reasonably practical. To the extent permitted by applicable law, the Company waives all claims, damages and demands against the Lenders, the Agent or the Security Agent arising out of the repossession, retention or sale of the Collateral. The Company shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all amounts to which the Lenders, the Agent or the Security Agent are entitled, the Company also being liable for the fees of any attorneys employed by the Lenders, the Agent or the Security Agent to collect such deficiency. The Company hereby waives presentment, demand, protest and any notice (to the extent permitted by applicable law) of any kind in connection with this Agreement or any Collateral. The Company also hereby waives any right of redemption which may be available under the laws of the State of Illinois; and

(d) In the event that the Agent or Security Agent shall request that the Tank Cars be collected as provided in paragraph (b) of this Section 9, the Company shall, at its own risk and expense (i) forthwith and in the usual manner

(including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and to all railroads to which any Unit or Units so interchanged) place such Units upon such storage tracks as the Lenders reasonably may designate; (ii) permit the Lenders, Agent or Security Agent to store such Units on such tracks until such Units have been sold, leased or otherwise disposed of by the Lenders, Agent or Security Agent; and (iii) transport the same to any connecting carrier for shipment, all as directed by the Security Agent. The assembling, delivery, storage and transporting of the Tank Cars as hereinabove provided shall be at the expense and risk of the Company and are of the essence of this Agreement, and upon application to any court of equity having jurisdiction in the premises, the Lenders, Agent or Security Agent shall be entitled to a decree against the Company requiring specific performance of the covenants of the Company so to assemble, deliver, store and transport the Tank Cars. During any storage period, the Company will, at its own cost and expense, maintain and keep the Tank Cars in good order and repair and will permit the Lenders, the Agent or the Security Agent or any person designated by it, including the authorized representative or representatives of any prospective purchaser, lessor or manager of any Unit, to inspect the same. The Company hereby expressly waives any and all claims against the Lenders, the Agent or the Security Agent and its agent or agents for damages of whatsoever nature in connection with any retaking of any Unit in any reasonable manner.

(e) Beyond the use of reasonable care in the custody thereof the Lenders, the Agent or the Security Agent shall not have any duty as to any Collateral in their possession or control or in the possession or control of any agent or nominee of Lenders, the Agent or the Security Agent or as to any income therefrom.

Notwithstanding any provision of this Agreement to the contrary, the Lenders, the Agent or the Security Agent shall not, so long as any Lessee is not in default under its Lease, take any action which would interfere with such Lessee's rights under its Lease, including right to the possession and use of the Tank Cars subject thereto, except in accordance with the provisions of such Lease.

SECTION 10. RELATIONSHIP AMONG BANKS.

10.1 Appointment and Grant of Authority. The Lenders hereby appoint the Agent, and the Agent hereby agrees to act, as agent under this Agreement for all purposes other than those pertaining to the proper establishment and maintenance of Liens on and security interests in the Collateral of Company. Lenders hereby appoint the Security Agent, and the Security Agent hereby agrees to act, as agent under this Agreement for the purpose of properly establishing and maintaining Liens on and security interests in the Collateral of Company. The Agent and Security Agent shall have and may exercise such powers under this Agreement as are specifically delegated to the Agent and Security Agent by the terms hereof, together with such other powers as are reasonably incidental thereto. Lenders hereby authorize, consent to, and direct the Company to deal with the Agent and Security Agent as the true and lawful agent and security agent of each of same to the extent set forth herein.

10.2 Non-Reliance on Agent or Security Agent. The Lenders agree that they have, independently and without reliance on the Agent, Security Agent or otherwise, and based on such documents and information as it has deemed appropriate, made its own credit analysis of the Company and decision to enter into this Agreement and that it will, independently and without reliance upon the Agent or Security Agent, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decisions in taking or not taking action under this Agreement. The Agent and Security Agent shall not be required to keep informed as to the performance or observance by the Company of this Agreement or any other document referred to or provided for herein or to inspect the properties or books of the Company. Except for notices, reports and other documents and information expressly required to be furnished to the Lenders by the Agent or Security Agent hereunder, the Agent and Security Agent shall not have any duty or responsibility to provide either Lender with any credit or other information concerning the affairs, financial condition or business of the Company (or any of its related companies) which may come into the Agent's or Security Agent's possession.

10.3 Responsibility of the Agent and Security Agent and Other Matters.

(a) The Agent and Security Agent have no duties or responsibilities except those expressly set forth in this Agreement and those duties and liabilities shall be subject to the limitations and qualifications set forth in this Section. The duties of the Agent and Security Agent shall be mechanical and administrative in nature.

(b) Neither the Agent, Security Agent, nor any of their directors, officers or employees shall be liable for any action taken or omitted (whether or not such action

taken or omitted is within or without the Agent's or Security Agent's responsibilities and duties expressly set forth in this Agreement) under or in connection with this Agreement or any other instrument or document in connection herewith, except for gross negligence or willful misconduct. Without limiting the foregoing, neither the Agent, Security Agent, nor any of their directors, officers or employees shall be responsible for, or have any duty to examine into (i) the genuineness, execution, validity, effectiveness, enforceability, value or sufficiency of (a) this Agreement or the Notes, or (b) any document or instrument furnished pursuant to or in connection with this Agreement or the Notes, (ii) the collectibility of any amounts owed by the Company, (iii) any recitals or statements or representations or warranties in connection with this Agreement or the Notes, (iv) any failure of any party to this Agreement to receive any communication sent, or (v) the assets, liabilities, financial condition, results of operations, business or creditworthiness of the Company or any Guarantor.

(c) The Agent and Security Agent shall be entitled to act, and shall be fully protected in acting upon, any communication in whatever form believed by the Agent and Security Agent in good faith to be genuine and correct and to have been signed or sent or made by a proper person or persons or entity. The Agent and Security Agent may consult counsel and shall be entitled to act, and shall be fully protected in any action taken in good faith, in accordance with advice given by counsel. The Agent and Security Agent may employ agents and attorneys-in-fact and shall not be liable for the default or misconduct of any such agents or attorneys-in-fact selected by the Agent and Security Agent with reasonable care. The Agent and Security Agent shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, provisions or conditions of this Agreement or the Notes on the Company's part.

10.4 Action on Instructions. The Agent and Security Agent shall be entitled to act or refrain from acting, and in all cases shall be fully protected in acting or refraining from acting, under this Agreement or the Notes or any other instrument or document in connection herewith or therewith in accordance with instructions in writing from the Lenders.

10.5 Indemnification. To the extent the Company does not reimburse and save the Agent or Security Agent harmless according to the terms hereof for and from all costs, expenses and disbursements in connection herewith, such costs, expenses and disbursements shall be borne by the Lenders ratably in accordance with their respective commitments and the Lenders hereby agree on such basis (i) to reimburse the Agent and Security Agent for all such costs, expenses and disbursements on request and (ii) to indemnify and save harmless the Agent and Security Agent against

and from any and all losses, obligations, penalties, actions, judgments and suits and other costs, expenses and disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Agent and Security Agent other than as a consequence of actual gross negligence or willful misconduct on the part of the Agent or Security Agent arising out of or in connection with this Agreement, or the Notes or any instrument or document in connection herewith or therewith, or any request of the Lenders, including without limitation the costs, expenses and disbursements in connection with defending itself against any claim or liability, or answering, any subpoena, related to the exercise or performance of any of their powers or duties under this Agreement or the taking of any action under or in connection with this Agreement or the Notes.

10.6 Lenders. NBD and Continental shall have the same rights and powers under this Agreement and the Notes, and may exercise the same as though they were not the Agent and Security Agent. NBD and Continental, and their affiliates, may accept deposits from, lend money to, and generally engage, and continue to engage, in any kind of business with the Company as if they were not the Agent and Security Agent.

10.7 Notice to Holder of Notes. The Agent and Security Agent may deem and treat the payees of the Notes as the owners thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof has been filed therewith. Any request, authority or consent of any holder of any Note shall be conclusive and binding on any subsequent holder, transferee or assignee of such Note.

10.8 Successor Agent and Successor Security Agent. The Agent or Security Agent may resign at any time by giving 30 days' written notice thereof to the Lenders. Upon any such resignation, the Lenders shall have the right to appoint a successor Agent or successor Security Agent. If no successor Agent or successor Security Agent shall have been appointed by the Lenders and accepted such appointment in connection herewith or therewith within 30 days after the retiring Agent's or Security Agent's giving notice of resignation, then the retiring Agent or Security Agent may, but shall not be required to, on behalf of the Lenders, appoint a successor Agent or successor Security Agent.

SECTION 11. MISCELLANEOUS

11.1 Reimbursement of Lenders, etc. Upon Lenders making the aforementioned Loans to Company, Company agrees to pay SEVENTY-FIVE HUNDRED AND NO/100 DOLLARS (\$7,500.00) to Lenders and to pay or reimburse Lenders for all costs and expenses (including the reasonable legal fees and disbursements of counsel for Continental) relating to the negotiation and implementation of the Loan. The Company also agrees to pay or reimburse the Lender for all costs and expenses (including the reasonable legal fees and disbursements of counsel for the Lenders) incurred by the

Lenders in connection with the enforcement of (or the preservation of any rights hereunder) or any subsequent modification of this Agreement, the Notes and either of the the Guarantys. The Company also agrees to pay, and to hold the Lenders harmless from, any and all liabilities with respect to, or resulting from any delay in paying documentary, excise, recording, filing, stamp or similar taxes, fees and other governmental charges (including interest and penalties), if any, which may be payable or determined to be payable in respect of the execution, delivery or recording of this Agreement, the Notes or any Guaranty or any modification of any thereof of any waiver or consent under or in respect of any thereof. The obligations of the Company under this Subsection 10.1 shall survive payment of the Notes and termination of this Agreement.

11.2 Notices. All notices, requests and demands to or upon the respective parties to this Agreement shall be in writing and shall be deemed to have been given or made when delivered by hand or deposited in the mail, by registered or certified mail, postage prepaid, addressed as follows or to such other address as may be hereafter designated in writing by the respective parties hereto:

The Company: TEMCO LEASING COMPANY
100 East Scranton Avenue
Lake Bluff, Illinois 60044
Attention: Mr. Bruce H. Borland

NBD: NBD HIGHLAND PARK BANK, N.A.
513 Central Avenue
Highland Park, Illinois 60035
Attention: Mr. David W. Enquist

Continental: CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST
COMPANY OF CHICAGO
231 South LaSalle Street
Chicago, Illinois 60697
Attention: Chicago Unit B

11.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Agent, Security Agent or either Lender, any right, power or privilege under this Agreement, the Notes, any Guaranty or any of the Collateral shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided herein and therein are cumulative and not exclusive of any rights or remedies provided by law.

11.4 Amendments and Waivers. The provisions of this Agreement may from time to time be amended, supplemented or otherwise modified or waived only by a written agreement signed by the Company and the Lenders.

11.5 Successors. This Agreement shall be binding upon and inure to the benefit of the Company and the Lenders and their respective successors and assigns, except that the Company may not transfer or assign any of its rights hereunder without the prior written consent of the Lenders.

11.6 Survival of Representations. All representations and warranties herein contained or made in writing in connection with this Agreement shall survive the execution and delivery of this Agreement and the making of the Loan hereunder and shall continue in full force and effect until all Obligations due and to become due hereunder and under the Notes, as well as all Continental Liabilities, shall have been paid in full.

11.7 Construction. This Agreement and the rights and obligations of the parties hereunder shall be governed by, and construed and interpreted in accordance with, the laws of the State of Illinois.

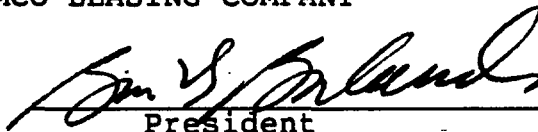
11.8 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

11.9 Counterparts. This Agreement may be executed by one or more of the parties hereto in any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

TEMCO LEASING COMPANY

By


President

Amount of
Commitment

Share

\$750,000.00

50%

NBD HIGHLAND PARK BANK, N.A. in its
individual corporate capacity and
as Agent

By:


Vice President

\$750,000.00

50%

CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO, in
its individual corporate capacity
and as Security Agent

By:

Evelyn M. Elliott
Vice President

STATE OF ILLINOIS

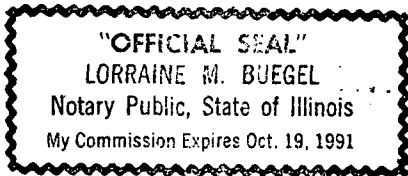
COUNTY OF C O O K

)
)
) SS:

On this 22nd day of March, 1988 before me personally appeared BRUCE H. BORLAND, to me known, who being duly sworn, did depose and say that he resides at 2801 Orange Brace Road, Riverwoods, Illinois 60015; that he is President of TEMCO LEASING COMPANY, one of the corporations described in and which executed the foregoing document; and that he signed his name thereto by like order, as the free act and deed of said corporation.

Lorraine M. Buegel
Notary Public
My Commission expires 10/19/91

[Notarial Seal]

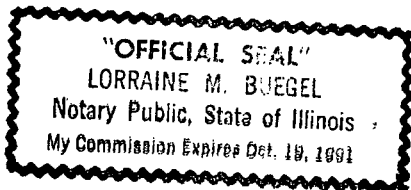


STATE OF ILLINOIS)
)
COUNTY OF C O O K) SS

On the 22nd day of March, 1988 before me personally appeared David W. Enquist, to me known, who being duly sworn, did depose and say that he resides at 4951 W. Brummel Skokie, IL; that he is Vice President of NBD HIGHLAND PARK BANK, N.A., a national banking association described in and which executed the foregoing document; and that he signed his name thereto by like order as the free act and deed of said national banking association.

Lorraine M. Buegel
Notary Public
My Commission expires 10/19/91

[Notarial Seal]



SCHEDULE I

DESCRIPTION OF TANK CARS

Registration

The tank car equipment consists of 176 railroad tank cars which are owned by TEMCO Corporation. These cars are registered with the Interstate Commerce Commission under the following markings for identification purposes:

TMCX 08215	TMCX 08216	TMCX 08217	TMCX 08218	TMCX 08219
TMCX 08220	TMCX 08221	TMCX 08222	TMCX 08223	TMCX 08325
TMCX 08326	TMCX 08327	TMCX 17952	TMCX 22898	TMCX 22899
TMCX 22900	TMCX 22901	TMCX 22902	TMCX 22903	TMCX 22904
TMCX 22905	TMCX 22906	TMCX 22910	TMCX 22911	TMCX 22912
TMCX 22913	TMCX 22914	TMCX 22915	TMCX 22916	TMCX 22917
TMCX 22918	TMCX 22919	TMCX 22920	TMCX 22921	TMCX 22924
TMCX 22925	TMCX 22927	TMCX 22928	TMCX 22929	TMCX 22930
TMCX 22931	TMCX 22932	TMCX 22933	TMCX 22934	TMCX 22935
TMCX 22947	TMCX 22948	TMCX 22949	TMCX 22950	TMCX 22951
TMCX 22952	TMCX 22953	TMCX 22954	TMCX 22956	TMCX 22957
TMCX 22958	TMCX 22959	TMCX 22960	TMCX 22961	TMCX 22962
TMCX 22963	TMCX 22964	TMCX 22965	TMCX 22967	TMCX 22968
TMCX 22969	TMCX 22970	TMCX 22971	TMCX 22972	TMCX 22973
TMCX 22975	TMCX 22976	TMCX 22980	TMCX 22983	TMCX 22984
TMCX 22985	TMCX 22986	TMCX 22987	TMCX 22988	TMCX 22989
TMCX 22990	TMCX 22992	TMCX 22994	TMCX 22995	TMCX 23007
TMCX 23100	TMCX 23101	TMCX 23102	TMCX 23103	TMCX 23104
TMCX 23105	TMCX 23106	TMCX 23107	TMCX 23108	TMCX 23109
TMCX 23130	TMCX 23131	TMCX 23132	TMCX 23133	TMCX 23134
TMCX 23136	TMCX 23137	TMCX 23138	TMCX 23139	TMCX 23140
TMCX 23141	TMCX 23142	TMCX 23143	TMCX 23144	TMCX 23145
TMCX 23146	TMCX 23164	TMCX 23165	TMCX 23166	TMCX 23168
TMCX 23169	TMCX 23170	TMCX 23171	TMCX 23173	TMCX 23174
TMCX 23176	TMCX 23177	TMCX 23178	TMCX 23179	TMCX 23180
TMCX 23181	TMCX 23182	TMCX 23183	TMCX 23184	TMCX 23185
TMCX 23186	TMCX 23188	TMCX 23189	TMCX 23190	TMCX 23191
TMCX 23200	TMCX 23201	TMCX 23203	TMCX 23204	TMCX 23207
TMCX 23208	TMCX 23209	TMCX 23211	TMCX 23212	TMCX 23214
TMCX 23215	TMCX 23217	TMCX 23218	TMCX 23219	TMCX 24028
TMCX 24253	TMCX 24321	TMCX 24322	TMCX 29000	TMCX 29002
TMCX 29004	TMCX 29006	TMCX 29009	TMCX 29010	TMCX 29011
TMCX 29012	TMCX 29013	TMCX 29014	TMCX 29015	TMCX 29016
TMCX 29017	TMCX 29018	TMCX 29019	TMCX 29020	TMCX 29021
TMCX 29022	TMCX 29023	TMCX 29024	TMCX 29025	TMCX 34369
TMLX 10001				

EATE: 02/03/88
TIME: 08:42

SCHEDULE II
SUMMARY REPORT
TEMCO LEASING COMPANY

CONTRACT #	CUSTOMER	# OF CARS	MONTHLY RENTAL/CAR	EXPIRATION DATE
2080.01	WILSON FOODS CORPORATION	1	\$330.00	10/19/96
2137.01	REICHOOLD CHEMICAL	1	\$500.00	02/29/93
2039.00	CAPE INDUSTRIES	1	\$425.00	01/31/91
2061.02	Q.O. CHEMICALS, INC.	11	\$350.00	03/31/90
2111.02	MONSANTO COMPANY	1	\$375.00	10/30/90
2071.04	A.E. STALEY MFG. CO. HORIZON CHEMICAL DIV	4	\$360.00	09/22/90
2087.05	USI CHEMICALS CO. INC.	7	\$310.00	08/28/90
2031.00	BUCKMAN LABORATORIES, INC.	8	\$430.00	01/31/90
2032.00	CYRO INDUSTRIES	4	\$305.00	01/15/90
2044.00	NATIONAL STARCH & CHEMICAL CORP.	1	\$450.00	01/15/90
2049.00	REICHOOLD CHEMICALS, INC	2	\$345.00	01/15/90
2072.05	UNOCAL	18	\$375.00	09/30/89
2052.00	UNOCAL CORP. / UNOCAL CHEMICALS DIV.	2	\$375.00	06/30/89
2111.03	MONSANTO COMPANY	10	\$475.00	02/29/89
2042.02	MONSANTO AGRICULTURAL COMPANY	1	\$400.00	01/31/89
2054.00	WEYERHAEUSER COMPANY	6	\$310.00	01/31/89
2055.00	MIDWEST SOLVENTS COMPANY INC.	5	\$425.00	01/31/89
2061.04	Q.O. CHEMICALS, INC.	2	\$415.00	01/23/89
2096.01	C.F. INDUSTRIES, INC.	1	\$375.00	01/01/89
2069.01	ASHLAND CHEMICAL COMPANY	1	\$425.00	12/31/88
2084.06	NALCO CHEMICAL COMPANY	1	\$450.00	12/31/88
2132.02	STANDARD CHLORINE	1	\$350.00	12/31/88
2123.02	RAILWAY MARKETING ASSOCIATES	1	\$350.00	09/30/88
2140.01	BASF	2	\$475.00	09/30/88
2121.03	BUCKMAN LABORATORIES, INC.	4	\$430.00	08/31/88
2122.01	FRP COMPANY	1	\$360.00	08/31/88
2082.09	ROCKY MOUNTAIN TRANSPORTATION SERVICES	4	\$285.00	07/31/88
2120.01	RICELAND FOODS, INC.	14	\$275.00	07/31/88
2132.01	STANDARD CHLORINE	1	\$325.00	07/31/88
2061.03	Q.O. CHEMICALS, INC.	1	\$425.00	06/30/88
2123.04	RAILWAY MARKETING ASSOCIATES	6	\$325.00	06/30/88
2061.01	Q.O. CHEMICALS, INC.	1	\$425.00	06/01/88
2084.15	NALCO CHEMICAL COMPANY	8	\$325.00	05/31/88
2110.01	WITCO CHEMICAL CORPORATION	10	\$290.00	05/31/88
2113.01	SANDEZ CROP PROTECTION CORP.	4	\$325.00	05/31/88
2123.03	RAILWAY MARKETING ASSOCIATES	2	\$335.00	05/31/88
2135.01	WILLARD GRAIN AND FEED CO.	7	\$275.00	05/31/88
2093.04	NORCOM EXPORT COMPANY	11	\$285.00	05/30/88
2109.02	G.A.F. CORPORATION	1	\$325.00	04/30/88
2084.14	NALCO CHEMICAL COMPANY	1	\$425.00	04/30/88
2042.01	MONSANTO CHEMICAL COMPANY	2	\$400.00	01/15/88
2071.03	A.E. STALEY MFG. CO. HORIZON CHEMICAL DIV	1	\$300.00	07/03/87
2071.02	A.E. STALEY MFG. CO. HORIZON CHEMICAL DIV	1	\$300.00	06/14/87
2101.02	MILE HIGH RAILCAR SERVICES	1	\$475.00	02/28/87

EXHIBIT A-1

NEGOTIABLE PROMISSORY NOTE

\$750,000.00

Lake Bluff, Illinois
March 23, 1988

FOR VALUE RECEIVED, TEMCO LEASING COMPANY, an Illinois corporation (the "Company"), hereby promises to pay to the order of NBD HIGHLAND PARK BANK, N.A. (the "Payee") at its office located at 513 Central Avenue, Highland Park, Illinois, in lawful money of the United States of America, the principal amount of SEVEN HUNDRED FIFTY THOUSAND AND NO/100 Dollars (\$750,000.00), and to pay simple interest on the unpaid principal amount hereof, in like money, from the date hereof at a rate equal to Eleven Percent (11%) per annum. Such principal and interest shall be due and payable in 60 equal consecutive monthly installments on the first day of each month, commencing May 1, 1988. Each installment shall include a payment of principal, plus interest on the unpaid principal amount computed from the due date of the previous installment, provided that, in any event, the 60th such installment shall be in amount sufficient to pay in full all accrued interest on, and the entire unpaid principal amount of, this Note, and provided further, that in the event any partial prepayment of this Note is made pursuant to Subsection 2.4 or 2.5 of the Agreement referred to below, each installment due and payable on this Note after such partial prepayment shall remain the same until all interest and principal due under this Note is paid. Each installment of this Note, when paid, shall be first applied to the payment of interest on the unpaid principal amount of this Note, and the balance thereof to the payment of principal. All payments hereunder shall be made without set-off or counterclaim and shall be made in immediately available funds. All such payments shall be made prior to 12:30 p.m., Chicago time. Payments made after 12:30 p.m., Chicago time, shall be deemed received on the next Business Day.

If any installment of principal and interest on this Note becomes due and payable on a Saturday, Sunday or legal holiday under the laws of the State of Illinois, the maturity thereof shall be extended to the next succeeding business day.

This Note is the Note of the Company issued pursuant to and secured by a Loan and Security Agreement dated as of March 22, 1988, between the Company, NBD Highland Park Bank, N.A., individually and as Agent, and Continental Illinois National Bank and Trust Company of Chicago, individually and as Security Agent (herein, as the same may from time to time be amended, supplemented or otherwise modified, called the "Agreement"), and is entitled to all of the benefits thereof. As provided in the Agreement, this Note is subject to prepayment, in whole or in part, without premium.

This Note is secured by the Collateral described in the Agreement. Reference is made to the Agreement for a description of the nature and extent of the security for this Note and the rights of the holder hereof with respect to such security.

This Note is also secured by Guarantees of even date herewith executed by Temco Corporation, an Illinois corporation, and Bruce H. Borland, an individual, according to the terms thereof, the forms of such Guarantees being included as Exhibits to the Agreement.

Upon the failure of the Company to promptly make payment of any sum due hereunder, or upon the occurrence of any one or more of the Events of Default specified in the Agreement, there shall be a default under this Note and the amounts then remaining unpaid on this Note may be declared to be immediately due and payable, together with reasonable attorneys fees and costs of collection, and the Payee may pursue any and all other remedies hereunder or under the Agreement or allowed by law.

The Company hereby expressly waives demand for payment, notice of non-payment, presentment, notice of dishonor, protest, notice of protest, or any other notice.

This Note shall be binding upon the Company, jointly and severally, and upon the heirs, legal representatives, successors, and assigns of the Company.

No delay or omission of the holder to exercise any right or remedy under this Note or afforded by law shall be construed to be a waiver thereof.

This Note may be assigned, transferred, or pledged without consent of the Company.

This note and the legal validity and the performance of the terms hereof shall be governed by, enforced, and determined and construed in accordance with the laws of the State of Illinois.

IN WITNESS WHEREOF, the Company has executed this Note as of the 23rd day of March 1988.

TEMCO LEASING COMPANY

By: _____

Title: _____

EXHIBIT A-2

NEGOTIABLE PROMISSORY NOTE

\$750,000.00

Lake Bluff, Illinois
March 23, 1988

FOR VALUE RECEIVED, TEMCO LEASING COMPANY, an Illinois corporation (the "Company"), hereby promises to pay to the order of CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO (the "Payee") at the office of its Agent NBD Highland Park Bank located at 513 Central Avenue, Highland Park, Illinois, in lawful money of the United States of America, the principal amount of SEVEN HUNDRED FIFTY THOUSAND AND NO/100 Dollars (\$750,000.00), and to pay simple interest on the unpaid principal amount hereof, in like money, from the date hereof at a rate equal to Eleven Percent (11%) per annum. Such principal and interest shall be due and payable in 60 equal consecutive monthly installments on the first day of each month, commencing May 1, 1988. Each installment shall include a payment of principal, plus interest on the unpaid principal amount computed from the due date of the previous installment, provided that, in any event, the 60th such installment shall be in amount sufficient to pay in full all accrued interest on, and the entire unpaid principal amount of, this Note, and provided further, that in the event any partial prepayment of this Note is made pursuant to Subsection 2.4 or 2.5 of the Agreement referred to below, each installment due and payable on this Note after such partial prepayment shall remain the same until all interest and principal due under this Note is paid. Each installment of this Note, when paid, shall be first applied to the payment of interest on the unpaid principal amount of this Note, and the balance thereof to the payment of principal. All payments hereunder shall be made in immediately available funds. All such payments shall be made prior to 12:30 p.m. All such payments shall be made prior to 12:30 p.m. Chicago time. All payments received after 12:30 p.m., Chicago time. Payments made after 12:30 p.m., Chicago time, shall be deemed received on the next Business Day.

If any installment of principal and interest on this Note becomes due and payable on a Saturday, Sunday or legal holiday under the laws of the State of Illinois, the maturity thereof shall be extended to the next succeeding business day.

This Note is the Note of the Company issued pursuant to and secured by a Loan and Security Agreement dated as of March 22, 1988, between the Company, NBD Highland Park Bank N.A., individually and as Agent, and Continental Illinois National Bank and Trust Company of Chicago, individually and as Security Agent (herein, as the same may from time to time be amended, supplemented or otherwise modified, called the "Agreement"), and is entitled to all of the benefits thereof. As provided in the Agreement, this Note is subject to prepayment, in whole or in

part, subject to the Prepayment Fee described in EXHIBIT A-3 to the Agreement, which EXHIBIT thereto is incorporated herein by reference.

This Note is secured by the Collateral described in the Agreement. Reference is made to the Agreement for a description of the nature and extent of the security for this Note and the rights of the holder hereof with respect to such security.

This Note is also secured by Guarantees of even date herewith executed by Temco Corporation, an Illinois corporation, and Bruce H. Borland, an individual, according to the terms thereof, the forms of such Guarantees being included as Exhibits to the Agreement.

Upon the failure of the Company to promptly make payment of any sum due hereunder, or upon the occurrence of any one or more of the Events of Default specified in the Agreement, there shall be a default under this Note and the amounts then remaining unpaid on this Note may be declared to be immediately due and payable, together with reasonable attorneys fees and costs of collection, and the Payee may pursue any and all other remedies hereunder or under the Agreement or allowed by law.

The Company hereby expressly waives demand for payment, notice of non-payment, presentment, notice of dishonor, protest, notice of protest, or any other notice.

This Note shall be binding upon the Company, jointly and severally, and upon the heirs, legal representatives, successors, and assigns of the Company.

No delay or omission of the holder to exercise any right or remedy under this Note or afforded by law shall be construed to be a waiver thereof.

This Note may be assigned, transferred, or pledged without consent of the Company.

This note and the legal validity and the performance of the terms hereof shall be governed by, enforced, and determined and construed in accordance with the laws of the State of Illinois.

IN WITNESS WHEREOF, the Company has executed this Note as of the 23rd day of March 1988.

TEMCO LEASING COMPANY

By: _____

Title: _____

EXHIBIT A-3

PREPAYMENT FEE FORMULATION

"Prepayment Fee" means the excess, if any, of (a) the present value on the Prepayment Date of the Scheduled Payments after the Prepayment Date less (b) the sum of the outstanding principal being prepaid and the interest accrued thereon to the Prepayment Date since the immediately preceding interest payment date and not due on or before the Prepayment Date. The present value shall be calculated by discounting to the Prepayment Date such Scheduled Payments at the Alternative Fixed Rate relating to the Weighted Average Maturity of Scheduled Principal Payments on the basis of a year consisting of 365 or 366 days, as applicable, for actual days elapsed.

"Alternative Fixed Rate" means the per annum Treasury Offered Rate.

"Prepayment Date" means the date on which a prepayment is to be made.

"Reference Dealers" means two U.S. Government Treasury Securities dealers in New York or Chicago of recognized standing selected by the Bank.

"Scheduled Payments" means the scheduled principal payments (or any portion thereof) under the Company's Note to Continental Illinois National Bank and Trust Company of Chicago dated March 23, 1988, which are being prepaid and the scheduled interest payments related thereto.

"Scheduled Principal Payments" means the scheduled principal payments (or any portion thereof) being prepaid.

"Treasury Offered Rate" for the Weighted Average Maturity means the per annum offered rate (as adjusted pursuant to the terms hereof) determined by the Bank by reference to the then most recently auctioned U.S. Government Treasury Securities which correspond in maturity to the Weighted Average Maturity, or as interpolated between or among the most recently auctioned U.S. Government Treasury Securities closest in maturities occurring before and after the Weighted Average Maturity, as published on page 5 of the Telerate Screen (or any successor to such page) as of 10:00 a.m., Chicago time, on the Prepayment Date (or a date as near as practicable thereto). If such rate cannot be determined by the Bank on such date by reference to the Telerate Screen, such rate shall be determined by the Bank on the basis of the arithmetic mean of the offered rates quoted by the Reference Dealers as of 10:00 a.m., Chicago time, on such date for U.S. Government Treasury Securities with maturities determined as aforesaid. If such rate cannot be determined

either by reference to the Telerate Screen or on the basis of the offered rates of the Reference Dealers, such rate shall be determined by the Bank in good faith from such sources as shall then be available for the purpose. Such rate shall be adjusted to provide for a yield equal to the yield on an instrument paying interest on the same dates as the interest payment dates (or as near as practicable thereto).

"Weighted Average Maturity" of a group of Scheduled Principal Payments means the period of time (expressed as a number of days) from the Prepayment Date which is equal to the quotient of:

(a) the sum of the products of:

(i) the amount of each principal payment in such group, and

(ii) the number of days between the Prepayment Date of such group and the scheduled date of each such principal payment,

divided by:

(b) the aggregate principal amount of such group.

EXHIBIT B-1

GUARANTY

GUARANTY dated March 22, 1988, made by TEMCO CORPORATION, an Illinois corporation (the "Guarantor") in favor of NBD HIGHLAND PARK BANK, N.A., a national banking association (the "Lender").

W I T N E S S E T H:

WHEREAS, the Guarantor is the record and beneficial owner of eighty percent (80%) of the issued and outstanding shares of the capital stock of TEMCO LEASING COMPANY, an Illinois corporation (the "Company");

WHEREAS, the Company has entered into a Loan and Security Agreement dated as of March 22, 1988 with the Lender and Continental Illinois National Bank and Trust Company of Chicago (the "Loan Agreement"), pursuant to which the Lender has agreed, subject to the terms and conditions thereof, to make a loan to the Company in a principal amount of \$750,000.00 to retire Company's outstanding indebtedness to Commercial National Bank of Chicago as well as other indebtedness and otherwise provide working capital, such loan to be evidenced by a secured promissory note of the Company as provided in the Loan Agreement (the "Note");

WHEREAS, it is a condition precedent to the obligation of the Lender to make the loan under the Loan Agreement that the Guarantor execute and deliver this Guaranty to the Lender; and

NOW, THEREFORE, in consideration of the premises and in order to induce the Lender to make the loan as provided in the Loan Agreement, the Guarantor agrees as follows:

1. The Guarantor hereby unconditionally and irrevocably guarantees, as primary obligor and not merely as surety, to the Lender, its successors, endorsees, transferees and assigns, the prompt and complete payment when due (whether at the stated maturity, by acceleration or otherwise) of (i) the unpaid principal amount of, and accrued interest on, the Note and (ii) all other obligations and liabilities of the Company to the Lender, now existing or hereinafter incurred, under the Loan Agreement and the Note, and under any renewals or extensions of either thereof (all of said principal amount, interest, obligations and liabilities being hereinafter called the "Obligations"), and the Guarantor further agrees to pay any and all reasonable expenses which may be paid or incurred by the Lender in collecting any or all of the Obligations and/or enforcing any rights under this Guaranty or under the Obligations.

2. Notwithstanding any payment or payments made by the Guarantor hereunder, the Guarantor shall not be entitled to be subrogated to any of the rights of the Lender against the Company or any collateral security or guaranty or right of offset held by the Lender for the payment of the Obligations until all amounts owing to the Lender by the Company for or on account of the Obligations are paid in full.

3. The Guarantor hereby consents that, without the necessity of any reservation of rights against the Guarantor and without notice to or further assent by it, (a) any demand for payment of any of the Obligations may be rescinded by the Lender and any of the Obligations continued; (b) the Obligations may, from time to time, in whole or in part, be renewed, extended, modified, prematured, compromised or released by the Lender; (c) the Loan Agreement and the Note may be amended, modified, or supplemented by the Lender and the provisions thereof may be waived by the Lender from time to time; and (d) any and all collateral at any time, present or future, held, given or intended to be given for the Obligations, and any rights or remedies of the Lender under the Loan Agreement and/or any other collateral security documents or in law or in equity or otherwise, may, from time to time, in whole or in part, be exchanged, sold, surrendered, released, modified, waived or extended by the Lender and the Lender may permit or consent to any such action or the result of any such action; all as the Lender may deem advisable and all without impairing, abridging, releasing or affecting the guaranty provided for herein.

4. The Guarantor hereby waives any and all notice of the acceptance of this Guaranty and any and all notice of the creation, renewal, extension or accrual of any of the Obligations or the reliance by the Lender upon this Guaranty. The Obligations shall conclusively be deemed to have been created, contracted and incurred in reliance upon this Guaranty and all dealings between the Company and the Lender shall likewise be conclusively presumed to have been had or consummated in reliance upon this Guaranty. To the extent permitted by law, the Guarantor waives protest, demand for payment and notice of default, dishonor or nonpayment to or upon it or the Company with respect to the Obligations or any of them.

5. This is a continuing, absolute and unconditional guaranty of payment without regard to the validity, regularity or enforceability of the Note, the Loan Agreement or any other collateral security document or guaranty therefor or rights of offset with respect thereto and without regard to any defense, offset or counterclaim which may at any time be available to or be asserted by the Company against the Lender and which constitutes, or might be construed to constitute, an equitable or legal discharge of the Company for the Obligations, or of the Guarantor under this Guaranty, in bankruptcy or in any other instance. This Guaranty shall remain in full force and effect and be binding in accordance with and to the extent of its terms upon the

Guarantor, its successors and assigns until all of the Obligations have been paid in full.

6. The Guarantor hereby represents and warrants to the Lender that:

(a) The Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois and is duly qualified as a foreign corporation and in good standing under the laws of each jurisdiction in which the conduct of its business or the ownership or lease of its properties requires such qualification.

(b) The Guarantor has full power, authority and legal right to own its properties and to conduct its business as now conducted and presently proposed to be conducted by it and to execute, deliver and perform this Guaranty and to take such action as may be necessary to complete the transactions contemplated by the Loan Agreement and this Guaranty, and the Guarantor has taken all necessary corporate action to authorize the execution, delivery and performance of this Guaranty.

(c) This Guaranty has been duly authorized, executed and delivered by the Guarantor and constitutes a legal, valid and binding obligation of the Guarantor enforceable in accordance with its terms.

(d) No consent of any other party (including stockholders of the Guarantor) and no consent, license, permit, approval or authorization of, exemption by, or registration or declaration with, any governmental authority is required in connection with the execution, delivery, performance, validity or enforceability of this Guaranty.

(e) The execution, delivery and performance by the Guarantor of this Guaranty will not violate any provision of any existing law or regulation to which the Guarantor is subject or of any order, judgment, award or decree of any court, arbitrator or governmental authority applicable to the Guarantor or of the Articles of Incorporation, By-Laws or any preferred stock provision of the Guarantor or of any mortgage, indenture, contract or other agreement to which the Guarantor is a party or which is or purports to be binding upon the Guarantor or any of its properties or assets, and will not constitute a default thereunder, and will not result in the creation or imposition of any Lien, charge or encumbrance on, or security interest in, any of the properties or assets of the Guarantor or any of its subsidiaries. The Guarantor is not in default in the performance or observance of any of the obligations, covenants or conditions contained in any bond, debenture or note, or in any mortgage, deed of trust, indenture or loan agreement, of the Guarantor.

(f) Other than the Hurwitz lawsuit, there are no actions, suits or proceedings (whether or not purportedly on behalf of the Guarantor) to the knowledge of the Guarantor, threatened against the Guarantor or any of its subsidiaries or any of their respective properties or assets in any court or before any arbitrator of any kind or before or by any governmental body, which (i) relate to any of the transaction contemplated by this Guaranty or the Loan Agreement, or (ii) would, if adversely determined, materially impair the right or ability of the Guarantor to carry on its business substantially as now conducted and presently proposed to be conducted, or (iii) would, if adversely determined, have a material adverse effect on the operating results or on the condition, financial or other, of the Guarantor or any of its subsidiaries. The Guarantor is not in default with respect to any order, judgment, award, decree, rule or regulation of any court, arbitrator or governmental body.

(g) The consolidated financial statements of the Guarantor and its subsidiaries as of December 31, 1986, and for the two years then ended, certified by Morris R. Zeigler & Company, copies of which have heretofore been delivered to the Lender, are complete and correct, present fairly the consolidated financial position of the Guarantor and its subsidiaries as of their respective dates and the results of their operations for the respective periods covered thereby, and have been prepared in accordance with generally accepted accounting principles consistently applied. There has been no material adverse change in the condition, financial or other, of the Guarantor since December 31, 1986.

(h) The Guarantor and each of its subsidiaries have filed all Federal, state and local tax returns and declarations of estimated tax which are required to be filed and has paid all taxes which have become due pursuant to any assessments made against it, and the Guarantor has no knowledge of any deficiency or additional assessments in connection therewith not adequately provided for on the books of the Guarantor or the applicable subsidiary. In the opinion of the Guarantor, all tax liabilities of the Guarantor and its subsidiaries were adequately provided for as of December 31, 1987 and are now so provided for, on the books of the Guarantor and its subsidiaries.

(i) Since December 31, 1987, the business, operations, properties and assets of the Guarantor and its subsidiaries have not been materially and adversely affected in any way as the result of any fire, explosion, earthquake, disaster, accident, labor disturbance, requisition or taking of property by governmental authority, flood, drought, embargo, riot, civil disturbance, uprising, activity of armed forces, or act of God or the public enemy.

(j) The Guarantor is not a party to any agreement or instrument, or subject to any charter or other corporate restriction or to any judgment, order, writ, injunction, decree, award, rule or regulation, which does or will materially and adversely effect the business, operations, properties or assets or the condition, financial or other, of the Guarantor.

(k) The Guarantor owns of record and beneficially eighty percent (80%) of the issued and outstanding capital stock of the Company.

(l) The Guarantor has made no other outstanding guarantys other than those relating to the two loans made to the Company by Uptown Federal Savings and Loan in the original principal amounts of \$230,000 and \$69,531 and the guaranty made to Continental under the Warehousing Agreement

(m) Pension and Welfare Plan. No liability fine or penalty exists, whether to the Pension Benefit Guaranty Corporation or otherwise, with respect to any of its Pension or Welfare Benefit Plans, as such terms are defined in ERISA.

(n) Investment Company. Neither the Company nor the Guarantor is an "investment company" or company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

(o) Public Utility Holding Company. Neither the Company nor the Guarantor is a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

(p) General Liability Insurance. The Company and the Guarantor both maintain general liability insurance with a face amount and policy terms and conditions which are ordinary and customary for similar businesses.

(q) Subsidiaries and Partnerships. The Guarantor's only subsidiary is the Company, 80% of the stock of which is owned by the Corporate Guarantor. The Company has no Subsidiaries. Neither the Company nor the Corporate Guarantor is a partner or joint venturer in any partnership or joint venture.

7. The Guarantor covenants and agrees that it will furnish to the Lender (a) as soon as available, but in any event not later than 120 days after the end of each fiscal year of the Guarantor, a consolidated balance sheet of the Guarantor and its subsidiaries as of the end of such fiscal Year and the related statement of income and of changes in financial position of the Guarantor and its subsidiaries for such fiscal year, all in

reasonable detail, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout such fiscal year and accompanied by a report or opinion of independent public accountants of recognized standing selected by the Guarantor and satisfactory to the Lender; (b) as soon as available, but in any event not later than 90 days after the end of each quarter, other than the last, of each fiscal year of the Guarantor, an unaudited consolidated balance sheet of the Guarantor and its subsidiaries as of the end of such quarter and the related unaudited consolidated statements of income and of changes in financial position of the Guarantor and its subsidiaries for the period from the beginning of such fiscal year to the end of such quarter, all in reasonable detail, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout the period involved and certified by the chief financial officer of the Guarantor (subject to normal year-end audit adjustments); and (c) promptly upon request, such additional financial information with respect to the Guarantor as the Lender may from time to time reasonably require.

8. This Guaranty shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be restored or returned by the Lender upon the insolvency, bankruptcy or reorganization of the Company or otherwise, all as though such payment had not been made.

9. No failure or delay in exercising any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right hereunder and under the Note, and any other collateral security document or guarantee therefor shall be cumulative and may be exercised singly or concurrently and are not exclusive of any rights or remedies permitted by law.

10. Should the Lender obtain similar guarantees from additional persons pursuant to the Loan Agreement, the obligations and liabilities of Guarantor to Lender hereunder shall be unaltered, and all Guarantors under the Loan Agreement shall be jointly and severally liable for the full amount of any deficiencies due Lender under the Loan Agreement or Note according to the terms hereof.

11. This Guaranty may not be waived, altered, modified or amended except in writing duly signed by the Lender. This Guaranty and the rights and obligations of the parties hereunder shall be governed by and construed in accordance with the laws of the State of Illinois.

12. All terms defined in the Loan Agreement and used herein shall have the meanings assigned to them therein unless the context requires otherwise.

13. Fixed Income Coverage. The Guarantor covenants and agrees that on the last day of each of its fiscal years, the ratio of (i) Consolidated Income Before Fixed Charges And Income Taxes to (ii) Fixed Charge shall not be less than 1.1 to 1. Consolidated Income Before Fixed Charges And Income Taxes at any date means the sum of the Company's Consolidated Income (before income taxes) plus interest expense, minus dividends and treasury stock purchases, all as determined in accordance with Generally Accepted Accounting Principals. Fixed Charges at any date means interest expenses plus current maturities of long term debt.

14. Minimum Net Worth. The Consolidated Net Worth of the Guarantor shall equal or exceed \$350,000.00 until, but not including; December 31, 1989 and \$425,000.00 on December 31, 1989 and thereafter.

15. Leverage Ratio. The Guarantor's Consolidated Aggregate Outstanding Indebtedness (exclusive of non-recourse indebtedness) shall not exceed 4.75 times its Consolidated Net Worth.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be duly executed and delivered by its duly authorized officer on the day and year first above written.

TEMCO CORPORATION

By: _____
President

Subscribed and sworn to
before me this 22nd day of
March, 1988.

NOTARY PUBLIC

EXHIBIT B-2

LIMITED GUARANTY

GUARANTY dated March 22, 1988, made by BRUCE H. BORLAND, an individual (the "Guarantor") in favor of NBD HIGHLAND PARK BANK, N.A., a national banking association (the "Lender").

W I T N E S S E T H:

WHEREAS, the Guarantor is the president and primary shareholder of TEMCO CORPORATION, owner of eighty percent (80%) of the issued and outstanding shares of the capital stock of TEMCO LEASING COMPANY, an Illinois corporation (the "Company");

WHEREAS, the Company has entered into a Loan and Security Agreement dated as of March 22, 1988 with the Lender and Continental Illinois National Bank and Trust Company of Chicago (the "Loan Agreement"), pursuant to which the Lender has agreed, subject to the terms and conditions thereof, to make a loan to the Company in a principal amount of \$750,000.00 to retire Company's outstanding indebtedness to Commercial National Bank of Chicago as well as other indebtedness and otherwise provide working capital, such loan to be evidenced by a secured promissory note of the Company as provided in the Loan Agreement (the "Note");

WHEREAS, it is a condition precedent to the obligation of the Lender to make the loan under the Loan Agreement that the Guarantor execute and deliver this Guaranty to the Lender; and

NOW, THEREFORE, in consideration of the premises and in order to induce the Lender to make the loan as provided in the Loan Agreement, the Guarantor agrees as follows:

1. The Guarantor hereby unconditionally and irrevocably guarantees, as primary obligor and not merely as surety, to the Lender, its successors, endorsees, transferees and assigns, the prompt and complete payment when due (whether at the stated maturity, by acceleration or otherwise) of (i) the unpaid principal amount of, and accrued interest on, the Note and (ii) all other obligations and liabilities of the Company to the Lender, now existing or hereinafter incurred, under the Loan Agreement and the Note, and under any renewals or extensions of either thereof (all of said principal amount, interest, obligations and liabilities being hereinafter called the "Obligations"), and the Guarantor further agrees to pay any and all reasonable expenses which may be paid or incurred by the Lender in collecting any or all of the Obligations and/or enforcing any rights under this Guaranty or under the Obligations. Notwithstanding any of the foregoing or anything hereinafter to the contrary, Guarantor's obligations to Lender at any given time under this Guaranty shall be limited to an amount equal to twenty-five percent (25%) of the

Obligations owed to Lender by Company at that time, without offset for amounts which may be paid by other Guarantors under the Agreement.

2. Notwithstanding any payment or payments made by the Guarantor hereunder, the Guarantor shall not be entitled to be subrogated to any of the rights of the Lender against the Company or any collateral security or guaranty or right of offset held by the Lender for the payment of the Obligations until all amounts owing to the Lender by the Company for or on account of the Obligations are paid in full.

3.1 The Guarantor hereby consents that, without the necessity of any reservation of rights against the Guarantor and without notice to or further assent by him, (a) any demand for payment of any of the Obligations may be rescinded by the Lender and any of the Obligations continued; (b) the Obligations may, from time to time, in whole or in part, be renewed, extended, modified, prematured, compromised or released by the Lender; (c) the Loan Agreement and the Note may be amended, modified, or supplemented by the Lender and the provisions thereof may be waived by the Lender from time to time; and (d) any and all collateral at any time, present or future, held, given or intended to be given for the Obligations, and any rights or remedies of the Lender under the Loan Agreement and/or any other collateral security documents or in law or in equity or otherwise, may, from time to time, in whole or in part, be exchanged, sold, surrendered, released, modified, waived or extended by the Lender and the Lender may permit or consent to any such action or the result of any such action; all as the Lender may deem advisable and all without impairing, abridging, releasing or affecting the guaranty provided for herein.

4. The Guarantor hereby waives any and all notice of the acceptance of this Guaranty and any and all notice of the creation, renewal, extension or accrual of any of the Obligations or the reliance by the Lender upon this Guaranty. The Obligations shall conclusively be deemed to have been created, contracted and incurred in reliance upon this Guaranty and all dealings between the Company and the Lender shall likewise be conclusively presumed to have been had or consummated in reliance upon this Guaranty. To the extent permitted by law, the Guarantor waives protest, demand for payment and notice of default, dishonor or nonpayment to or upon him or the Company with respect to the Obligations or any of them.

5. This is a continuing, absolute and unconditional guaranty of payment without regard to the validity, regularity or enforceability of the Note, the Loan Agreement or any other collateral security document or guaranty therefor or rights of offset with respect thereto and without regard to any defense, offset or counterclaim which may at any time be available to or be asserted by the Company against the Lender and which constitutes, or might be construed to constitute, an equitable or

legal discharge of the Company for the Obligations, or of the Guarantor under this Guaranty, in bankruptcy or in any other instance. This Guaranty shall remain in full force and effect and be binding in accordance with and to the extent of its terms upon the Guarantor, his successors and assigns until all of the Obligations have been paid in full, or until the limit of the.

6. The Guarantor hereby represents and warrants to the Lender that:

(a) This Guaranty has been duly authorized, executed and delivered by the Guarantor and constitutes a legal, valid and binding obligation of the Guarantor enforceable in accordance with its terms.

(b) No consent of any other party and no consent, license, permit, approval or authorization of, exemption by, or registration or declaration with, any governmental authority is required in connection with the execution, delivery, performance, validity or enforceability of this Guaranty.

(c) The execution, delivery and performance by the Guarantor of this Guaranty will not violate any provision of any existing law or regulation to which the Guarantor is subject or of any order, judgment, award or decree of any court, arbitrator or of any mortgage, indenture, contract or other agreement to which the Guarantor is a party or which is or purports to be binding upon the Guarantor or any of his properties or assets, and will not constitute a default thereunder, and will not result in the creation or imposition or any Lien, charge or encumbrance on, or security interest in, any of the properties or assets of the Guarantor. The Guarantor is not in default in the performance or observance of any of the obligations, covenants or conditions contained in any bond, debenture or note, or in any mortgage, deed of trust, indenture or loan agreement, of the Guarantor.

(d) There are no actions, suits or proceedings (whether or not purportedly on behalf of the Guarantor), to the knowledge of the Guarantor, threatened against the Guarantor or any of his properties or assets in any court or before any arbitrator of any kind or before or by any governmental body, which (i) relate to any of the transaction contemplated by this Guaranty or the Loan Agreement, or (ii) would, if adversely determined, materially impair the right or ability of the Guarantor to carry on its business substantially as now conducted and presently proposed to be conducted, or (iii) would, if adversely determined, have a material adverse effect on the operating results or on the condition, financial or other, of the Guarantor. The Guarantor is not in default with respect to any order, judgment, award, decree, rule or regulation of any court, arbitrator or governmental body.

(e) The personal financial statements of the Guarantor as of December 31, 1987, certified by the Guarantor, copies of which have heretofore been delivered to the Lender, are complete and correct, present fairly the financial position of the Guarantor as of December 31, 1987, and the results of his operations for the year ended December 31, 1987, and have been prepared in accordance with generally accepted accounting principles consistently applied. There has been no material adverse change in the condition, financial or other, of the Guarantor since December 31, 1987.

(f) The Guarantor has filed all Federal, state and local tax returns and declarations of estimated tax which are required to be filed and has paid all taxes which have become due pursuant to any assessments made against him, and the Guarantor has no knowledge of any deficiency or additional assessments in connection therewith not adequately provided for on the books of the Guarantor. In the opinion of the Guarantor, all tax liabilities of the Guarantor were adequately provided for as of December 31, 1987, and are now so provided for, on the books of the Guarantor. Since December 31, 1987, the business, operations, properties and assets of the Guarantor have not been materially and adversely affected in any way as the result of any fire, explosion, earthquake, disaster, accident, labor disturbance, requisition or taking of property by governmental authority, flood, drought, embargo, riot, civil disturbance, uprising, activity of armed forces, or act of God or the public enemy.

(g) The Guarantor is not a party to any agreement or instrument, or subject to any charter or other restriction or to any judgment, order, writ, injunction, decree, award, rule or regulation, which does or will materially and adversely effect the condition, financial or other, of the Guarantor.

7. The Guarantor covenants and agrees that he will furnish to the Lender (a) as soon as available, but in any event not later than 120 days after the end of each calendar year of the Guarantor, a personal financial of the Guarantor as of the end of such fiscal year in reasonable detail, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout such calendar year certified by the Guarantor and (b) promptly upon request, such additional financial information with respect to the Guarantor as the Lender may from time to time reasonably require.

8. This Guaranty shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be restored or returned by the Lender upon the insolvency, bankruptcy or reorganization of the Company or otherwise, all as though such payment had not been made.

9. No failure or delay in exercising any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right hereunder and under the Note, and any other collateral security document or guarantee therefor shall be cumulative and may be exercised singly or concurrently and are not exclusive of any rights or remedies permitted by law.

10. Should the Lender obtain similar guarantees from additional persons pursuant to the Loan Agreement, the obligations and liabilities of Guarantor to Lender hereunder shall be unaltered, and all Guarantors under the Loan Agreement shall be jointly and severally liable. Notwithstanding the foregoing, Guarantor's obligations to Lender at any given time under this Guaranty shall be limited to an amount equal to twenty-five percent (25%) of the Obligations owed to Lender by Company at that time.

11. This Guaranty may not be waived, altered, modified or amended except in writing duly signed by the Lender. This Guaranty and the rights and obligations of the parties hereunder shall be governed by and construed in accordance with the laws of the State of Illinois.

12. All terms defined in the Loan Agreement and used herein shall have the meanings assigned to them therein unless the context requires otherwise.

IN WITNESS WHEREOF, the Guarantor has executed and delivered this Guaranty on the day and year first above written.

BRUCE H. BORLAND

Subscribed and sworn to
before me this 22nd day
of March, 1988.

NOTARY PUBLIC

EXHIBIT B-3

GUARANTY

GUARANTY dated March 22, 1988, made by TEMCO CORPORATION, an Illinois corporation (the "Guarantor") in favor of CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a national banking association (the "Lender").

W I T N E S S E T H:

WHEREAS, the Guarantor is the record and beneficial owner of eighty percent (80%) of the issued and outstanding shares of the capital stock of TEMCO LEASING COMPANY, an Illinois corporation (the "Company");

WHEREAS, the Company has entered into a Loan and Security Agreement dated as of March 22, 1988 with the Lender and NBD Highland Park Bank, N.A. (the "Loan Agreement"), pursuant to which the Lender has agreed, subject to the terms and conditions thereof, to make a loan to the Company in a principal amount of \$750,000.00 to retire Company's outstanding indebtedness to Commercial National Bank of Chicago as well as other indebtedness and otherwise provide working capital, such loan to be evidenced by a secured promissory note of the Company as provided in the Loan Agreement (the "Note");

WHEREAS, it is a condition precedent to the obligation of the Lender to make the loan under the Loan Agreement that the Guarantor execute and deliver this Guaranty to the Lender; and

NOW, THEREFORE, in consideration of the premises and in order to induce the Lender to make the loan as provided in the Loan Agreement, the Guarantor agrees as follows:

1. The Guarantor hereby unconditionally and irrevocably guarantees, as primary obligor and not merely as surety, to the Lender, its successors, endorsees, transferees and assigns, the prompt and complete payment when due (whether at the stated maturity, by acceleration or otherwise) of (i) the unpaid principal amount of, and accrued interest on, the Note and (ii) all other obligations and liabilities of the Company to the Lender, now existing or hereinafter incurred, under the Loan Agreement and the Note, and under any renewals or extensions of either thereof (all of said principal amount, interest, obligations and liabilities being hereinafter called the "Obligations"), and the Guarantor further agrees to pay any and all reasonable expenses which may be paid or incurred by the Lender in collecting any or all of the Obligations and/or enforcing any rights under this Guaranty or under the Obligations.

2. Notwithstanding any payment or payments made by the Guarantor hereunder, the Guarantor shall not be entitled to be

subrogated to any of the rights of the Lender against the Company or any collateral security or guaranty or right of offset held by the Lender for the payment of the Obligations until all amounts owing to the Lender by the Company for or on account of the Obligations are paid in full.

3. The Guarantor hereby consents that, without the necessity of any reservation of rights against the Guarantor and without notice to or further assent by it, (a) any demand for payment of any of the Obligations may be rescinded by the Lender and any of the Obligations continued; (b) the Obligations may, from time to time, in whole or in part, be renewed, extended, modified, prematured, compromised or released by the Lender; (c) the Loan Agreement and the Note may be amended, modified, or supplemented by the Lender and the provisions thereof may be waived by the Lender from time to time; and (d) any and all collateral at any time, present or future, held, given or intended to be given for the Obligations, and any rights or remedies of the Lender under the Loan Agreement and/or any other collateral security documents or in law or in equity or otherwise, may, from time to time, in whole or in part, be exchanged, sold, surrendered, released, modified, waived or extended by the Lender and the Lender may permit or consent to any such action or the result of any such action; all as the Lender may deem advisable and all without impairing, abridging, releasing or affecting the guaranty provided for herein.

4. The Guarantor hereby waives any and all notice of the acceptance of this Guaranty and any and all notice of the creation, renewal, extension or accrual of any of the Obligations or the reliance by the Lender upon this Guaranty. The Obligations shall conclusively be deemed to have been created, contracted and incurred in reliance upon this Guaranty and all dealings between the Company and the Lender shall likewise be conclusively presumed to have been had or consummated in reliance upon this Guaranty. To the extent permitted by law, the Guarantor waives protest, demand for payment and notice of default, dishonor or nonpayment to or upon it or the Company with respect to the Obligations or any of them.

5. This is a continuing, absolute and unconditional guaranty of payment without regard to the validity, regularity or enforceability of the Note, the Loan Agreement or any other collateral security document or guaranty therefor or rights of offset with respect thereto and without regard to any defense, offset or counterclaim which may at any time be available to or be asserted by the Company against the Lender and which constitutes, or might be construed to constitute, an equitable or legal discharge of the Company for the Obligations, or of the Guarantor under this Guaranty, in bankruptcy or in any other instance. This Guaranty shall remain in full force and effect and be binding in accordance with and to the extent of its terms upon the Guarantor, its successors and assigns until all of the Obligations have been paid in full.

6. The Guarantor hereby represents and warrants to the Lender that:

(a) The Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois and is duly qualified as a foreign corporation and in good standing under the laws of each jurisdiction in which the conduct of its business or the ownership or lease of its properties requires such qualification.

(b) The Guarantor has full power, authority and legal right to own its properties and to conduct its business as now conducted and presently proposed to be conducted by it and to execute, deliver and perform this Guaranty and to take such action as may be necessary to complete the transactions contemplated by the Loan Agreement and this Guaranty, and the Guarantor has taken all necessary corporate action to authorize the execution, delivery and performance of this Guaranty.

(c) This Guaranty has been duly authorized, executed and delivered by the Guarantor and constitutes a legal, valid and binding obligation of the Guarantor enforceable in accordance with its terms.

(d) No consent of any other party (including stockholders of the Guarantor) and no consent, license, permit, approval or authorization of, exemption by, or registration or declaration with, any governmental authority is required in connection with the execution, delivery, performance, validity or enforceability of this Guaranty.

(e) The execution, delivery and performance by the Guarantor of this Guaranty will not violate any provision of any existing law or regulation to which the Guarantor is subject or of any order, judgment, award or decree of any court, arbitrator or governmental authority applicable to the Guarantor or of the Articles of Incorporation, By-Laws or any preferred stock provision of the Guarantor or of any mortgage, indenture, contract or other agreement to which the Guarantor is a party or which is or purports to be binding upon the Guarantor or any of its properties or assets, and will not constitute a default thereunder, and will not result in the creation or imposition of any Lien, charge or encumbrance on, or security interest in, any of the properties or assets of the Guarantor or any of its subsidiaries. The Guarantor is not in default in the performance or observance of any of the obligations, covenants or conditions contained in any bond, debenture or note, or in any mortgage, deed of trust, indenture or loan agreement, of the Guarantor.

(f) Other than the Hurwitz lawsuit, there are no actions, suits or proceedings (whether or not purportedly on

behalf of the Guarantor) to the knowledge of the Guarantor, threatened against the Guarantor or any of its subsidiaries or any of their respective properties or assets in any court or before any arbitrator of any kind or before or by any governmental body, which (i) relate to any of the transaction contemplated by this Guaranty or the Loan Agreement, or (ii) would, if adversely determined, materially impair the right or ability of the Guarantor to carry on its business substantially as now conducted and presently proposed to be conducted, or (iii) would, if adversely determined, have a material adverse effect on the operating results or on the condition, financial or other, of the Guarantor or any of its subsidiaries. The Guarantor is not in default with respect to any order, judgment, award, decree, rule or regulation of any court, arbitrator or governmental body.

(g) The consolidated financial statements of the Guarantor and its subsidiaries as of December 31, 1986, and for the two years then ended, certified by Morris R. Zeigler & Company, copies of which have heretofore been delivered to the Lender, are complete and correct, present fairly the consolidated financial position of the Guarantor and its subsidiaries as of their respective dates and the results of their operations for the respective periods covered thereby, and have been prepared in accordance with generally accepted accounting principles consistently applied. There has been no material adverse change in the condition, financial or other, of the Guarantor since December 31, 1986.

(h) The Guarantor and each of its subsidiaries have filed all Federal, state and local tax returns and declarations of estimated tax which are required to be filed and has paid all taxes which have become due pursuant to any assessments made against it, and the Guarantor has no knowledge of any deficiency or additional assessments in connection therewith not adequately provided for on the books of the Guarantor or the applicable subsidiary. In the opinion of the Guarantor, all tax liabilities of the Guarantor and its subsidiaries were adequately provided for as of December 31, 1987 and are now so provided for, on the books of the Guarantor and its subsidiaries.

(i) Since December 31, 1987, the business, operations, properties and assets of the Guarantor and its subsidiaries have not been materially and adversely affected in any way as the result of any fire, explosion, earthquake, disaster, accident, labor disturbance, requisition or taking of property by governmental authority, flood, drought, embargo, riot, civil disturbance, uprising, activity of armed forces, or act of God or the public enemy.

(j) The Guarantor is not a party to any agreement or instrument, or subject to any charter or other corporate restriction or to any judgment, order, writ, injunction,

decree, award, rule or regulation, which does or will materially and adversely effect the business, operations, properties or assets or the condition, financial or other, of the Guarantor.

(k) The Guarantor owns of record and beneficially eighty percent (80%) of the issued and outstanding capital stock of the Company.

(l) The Guarantor has made no other outstanding guarantys other than those relating to the two loans made to the Company by Uptown Federal Savings and Loan in the original principal amounts of \$230,000 and \$69,531 and the guaranty made to Continental under the Warehousing Agreement.

(m) Pension and Welfare Plan. No liability fine or penalty exists, whether to the Pension Benefit Guaranty Corporation or otherwise, with respect to any of its Pension or Welfare Benefit Plans, as such terms are defined in ERISA.

(n) Investment Company. Neither the Company nor the Guarantor is an "investment company" or company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

(o) Public Utility Holding Company. Neither the Company nor the Guarantor is a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

(p) General Liability Insurance. The Company and the Guarantor both maintain general liability insurance with a face amount and policy terms and conditions which are ordinary and customary for similar businesses.

(q) Subsidiaries and Partnerships. The Guarantor's only subsidiary is the Company, 80% of the stock of which is owned by the Corporate Guarantor. The Company has no Subsidiaries. Neither the Company nor the Corporate Guarantor is a partner or joint venturer in any partnership or joint venture.

7. The Guarantor covenants and agrees that it will furnish to the Lender (a) as soon as available, but in any event not later than 120 days after the end of each fiscal year of the Guarantor, a consolidated balance sheet of the Guarantor and its subsidiaries as of the end of such fiscal year and the related statement of income and of changes in financial position of the Guarantor and its subsidiaries for such fiscal year, all in reasonable detail, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained

throughout such fiscal year and accompanied by a report or opinion of independent public accountants of recognized standing selected by the Guarantor and satisfactory to the Lender; (b) as soon as available, but in any event not later than 90 days after the end of each quarter, other than the last, of each fiscal year of the Guarantor, an unaudited consolidated balance sheet of the Guarantor and its subsidiaries as of the end of such quarter and the related unaudited consolidated statements of income and of changes in financial position of the Guarantor and its subsidiaries for the period from the beginning of such fiscal year to the end of such quarter, all in reasonable detail, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout the period involved and certified by the chief financial officer of the Guarantor (subject to normal year-end audit adjustments); and (c) promptly upon request, such additional financial information with respect to the Guarantor as the Lender may from time to time reasonably require.

8. This Guaranty shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be restored or returned by the Lender upon the insolvency, bankruptcy or reorganization of the Company or otherwise, all as though such payment had not been made.

9. No failure or delay in exercising any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right hereunder and under the Note, and any other collateral security document or guarantee therefor shall be cumulative and may be exercised singly or concurrently and are not exclusive of any rights or remedies permitted by law.

10. Should the Lender obtain similar guarantees from additional persons pursuant to the Loan Agreement, the obligations and liabilities of Guarantor to Lender hereunder shall be unaltered, and all Guarantors under the Loan Agreement shall be jointly and severally liable for the full amount of any deficiencies due Lender under the Loan Agreement or Note according to the terms hereof.

11. This Guaranty may not be waived, altered, modified or amended except in writing duly signed by the Lender. This Guaranty and the rights and obligations of the parties hereunder shall be governed by and construed in accordance with the laws of the State of Illinois.

12. All terms defined in the Loan Agreement and used herein shall have the meanings assigned to them therein unless the context requires otherwise.

13. Fixed Income Coverage. The Guarantor covenants and agrees that on the last day of each of its fiscal years, the ratio of (i) Consolidated Income Before Fixed Charges And Income Taxes to (ii) Fixed Charge shall not be less than 1.1 to 1. Consolidated Income Before Fixed Charges And Income Taxes at any date means the sum of the Company's Consolidated Income (before income taxes) plus interest expense, minus dividends and treasury stock purchases, all as determined in accordance with Generally Accepted Accounting Principals. Fixed Charges at any date means interest expenses plus current maturities of long term debt.

14. Minimum Net Worth. The Consolidated Net Worth of the Guarantor shall equal or exceed \$350,000.00 until, but not including; December 31, 1989 and \$425,000.00 on December 31, 1989 and thereafter.

15. Leverage Ratio. The Guarantor's Consolidated Aggregate Outstanding Indebtedness (exclusive of non-recourse indebtedness) shall not exceed 4.75 times its Consolidated Net Worth.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be duly executed and delivered by its duly authorized officer on the day and year first above written.

TEMCO CORPORATION

By: _____
President

Subscribed and sworn to
before me this 22nd day of
March, 1988.

NOTARY PUBLIC

EXHIBIT B-4

LIMITED GUARANTY

GUARANTY dated March 22, 1988, made by BRUCE H. BORLAND, an individual (the "Guarantor") in favor of CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a national banking association (the "Lender").

W I T N E S S E T H:

WHEREAS, the Guarantor is the president and primary shareholder of TEMCO CORPORATION, owner of eighty percent (80%) of the issued and outstanding shares of the capital stock of TEMCO LEASING COMPANY, an Illinois corporation (the "Company");

WHEREAS, the Company has entered into a Loan and Security Agreement dated as of March 22, 1988 with the Lender NBD Highland Park Bank, N.A. (the "Loan Agreement"), pursuant to which the Lender has agreed, subject to the terms and conditions thereof, to make a loan to the Company in a principal amount of \$750,000.00 to retire Company's outstanding indebtedness to Commercial National Bank of Chicago as well as other indebtedness and otherwise provide working capital, such loan to be evidenced by a secured promissory note of the Company as provided in the Loan Agreement (the "Note");

WHEREAS, it is a condition precedent to the obligation of the Lender to make the loan under the Loan Agreement that the Guarantor execute and deliver this Guaranty to the Lender; and

NOW, THEREFORE, in consideration of the premises and in order to induce the Lender to make the loan as provided in the Loan Agreement, the Guarantor agrees as follows:

1. The Guarantor hereby unconditionally and irrevocably guarantees, as primary obligor and not merely as surety, to the Lender, its successors, endorsees, transferees and assigns, the prompt and complete payment when due (whether at the stated maturity, by acceleration or otherwise) of (i) the unpaid principal amount of, and accrued interest on, the Note and (ii) all other obligations and liabilities of the Company to the Lender, now existing or hereinafter incurred, under the Loan Agreement and the Note, and under any renewals or extensions of either thereof (all of said principal amount, interest, obligations and liabilities being hereinafter called the "Obligations"), and the Guarantor further agrees to pay any and all reasonable expenses which may be paid or incurred by the Lender in collecting any or all of the Obligations and/or enforcing any rights under this Guaranty or under the Obligations. Notwithstanding any of the foregoing or anything hereinafter to the contrary, Guarantor's obligations to Lender at any given time under this Guaranty shall

be limited to an amount equal to twenty-five percent (25%) of the Obligations owed to Lender by Company at that time, without offset for amounts which may be paid by other Guarantors under the Agreement.

2. Notwithstanding any payment or payments made by the Guarantor hereunder, the Guarantor shall not be entitled to be subrogated to any of the rights of the Lender against the Company or any collateral security or guaranty or right of offset held by the Lender for the payment of the Obligations until all amounts owing to the Lender by the Company for or on account of the Obligations are paid in full.

3. The Guarantor hereby consents that, without the necessity of any reservation of rights against the Guarantor and without notice to or further assent by him, (a) any demand for payment of any of the Obligations may be rescinded by the Lender and any of the Obligations continued; (b) the Obligations may, from time to time, in whole or in part, be renewed, extended, modified, prematured, compromised or released by the Lender; (c) the Loan Agreement and the Note may be amended, modified, or supplemented by the Lender and the provisions thereof may be waived by the Lender from time to time; and (d) any and all collateral at any time, present or future, held, given or intended to be given for the Obligations, and any rights or remedies of the Lender under the Loan Agreement and/or any other collateral security documents or in law or in equity or otherwise, may, from time to time, in whole or in part, be exchanged, sold, surrendered, released, modified, waived or extended by the Lender and the Lender may permit or consent to any such action or the result of any such action; all as the Lender may deem advisable and all without impairing, abridging, releasing or affecting the guaranty provided for herein.

4. The Guarantor hereby waives any and all notice of the acceptance of this Guaranty and any and all notice of the creation, renewal, extension or accrual of any of the Obligations or the reliance by the Lender upon this Guaranty. The Obligations shall conclusively be deemed to have been created, contracted and incurred in reliance upon this Guaranty and all dealings between the Company and the Lender shall likewise be conclusively presumed to have been had or consummated in reliance upon this Guaranty. To the extent permitted by law, the Guarantor waives protest, demand for payment and notice of default, dishonor or nonpayment to or upon him or the Company with respect to the Obligations or any of them.

5. This is a continuing, absolute and unconditional guaranty of payment without regard to the validity, regularity or enforceability of the Note, the Loan Agreement or any other collateral security document or guaranty therefor or rights of offset with respect thereto and without regard to any defense, offset or counterclaim which may at any time be available to or be asserted by the Company against the Lender and which

constitutes, or might be construed to constitute, an equitable or legal discharge of the Company for the Obligations, or of the Guarantor under this Guaranty, in bankruptcy or in any other instance. This Guaranty shall remain in full force and effect and be binding in accordance with and to the extent of its terms upon the Guarantor, his successors and assigns until all of the Obligations have been paid in full, or until the limit of the.

6. The Guarantor hereby represents and warrants to the Lender that:

(a) This Guaranty has been duly authorized, executed and delivered by the Guarantor and constitutes a legal, valid and binding obligation of the Guarantor enforceable in accordance with its terms.

(b) No consent of any other party and no consent, license, permit, approval or authorization of, exemption by, or registration or declaration with, any governmental authority is required in connection with the execution, delivery, performance, validity or enforceability of this Guaranty.

(c) The execution, delivery and performance by the Guarantor of this Guaranty will not violate any provision of any existing law or regulation to which the Guarantor is subject or of any order, judgment, award or decree of any court, arbitrator or of any mortgage, indenture, contract or other agreement to which the Guarantor is a party or which is or purports to be binding upon the Guarantor or any of his properties or assets, and will not constitute a default thereunder, and will not result in the creation or imposition or any Lien, charge or encumbrance on, or security interest in, any of the properties or assets of the Guarantor. The Guarantor is not in default in the performance or observance of any of the obligations, covenants or conditions contained in any bond, debenture or note, or in any mortgage, deed of trust, indenture or loan agreement, of the Guarantor.

(d) There are no actions, suits or proceedings (whether or not purportedly on behalf of the Guarantor), to the knowledge of the Guarantor, threatened against the Guarantor or any of his properties or assets in any court or before any arbitrator of any kind or before or by any governmental body, which (i) relate to any of the transaction contemplated by this Guaranty or the Loan Agreement, or (ii) would, if adversely determined, materially impair the right or ability of the Guarantor to carry on its business substantially as now conducted and presently proposed to be conducted, or (iii) would, if adversely determined, have a material adverse effect on the operating results or on the condition, financial or other, of the Guarantor. The Guarantor is not in default with respect to any order,

judgment, award, decree, rule or regulation of any court, arbitrator or governmental body.

(e) The personal financial statements of the Guarantor as of December 31, 1987, certified by the Guarantor, copies of which have heretofore been delivered to the Lender, are complete and correct, present fairly the financial position of the Guarantor as of December 31, 1987, and the results of his operations for the year ended December 31, 1987, and have been prepared in accordance with generally accepted accounting principles consistently applied. There has been no material adverse change in the condition, financial or other, of the Guarantor since December 31, 1987.

(f) The Guarantor has filed all Federal, state and local tax returns and declarations of estimated tax which are required to be filed and has paid all taxes which have become due pursuant to any assessments made against him, and the Guarantor has no knowledge of any deficiency or additional assessments in connection therewith not adequately provided for on the books of the Guarantor. In the opinion of the Guarantor, all tax liabilities of the Guarantor were adequately provided for as of December 31, 1987, and are now so provided for, on the books of the Guarantor. Since December 31, 1987, the business, operations, properties and assets of the Guarantor have not been materially and adversely affected in any way as the result of any fire, explosion, earthquake, disaster, accident, labor disturbance, requisition or taking of property by governmental authority, flood, drought, embargo, riot, civil disturbance, uprising, activity of armed forces, or act of God or the public enemy.

(g) The Guarantor is not a party to any agreement or instrument, or subject to any charter or other restriction or to any judgment, order, writ, injunction, decree, award, rule or regulation, which does or will materially and adversely effect the condition, financial or other, of the Guarantor.

7. The Guarantor covenants and agrees that he will furnish to the Lender (a) as soon as available, but in any event not later than 120 days after the end of each calendar year of the Guarantor, a personal financial of the Guarantor as of the end of such fiscal year in reasonable detail, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout such calendar year certified by the Guarantor and (b) promptly upon request, such additional financial information with respect to the Guarantor as the Lender may from time to time reasonably require.

8. This Guaranty shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must

otherwise be restored or returned by the Lender upon the insolvency, bankruptcy or reorganization of the Company or otherwise, all as though such payment had not been made.

9. No failure or delay in exercising any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right hereunder and under the Note, and any other collateral security document or guarantee therefor shall be cumulative and may be exercised singly or concurrently and are not exclusive of any rights or remedies permitted by law.

10. Should the Lender obtain similar guarantees from additional persons pursuant to the Loan Agreement, the obligations and liabilities of Guarantor to Lender hereunder shall be unaltered, and all Guarantors under the Loan Agreement shall be jointly and severally liable. Notwithstanding the foregoing, Guarantor's obligations to Lender at any given time under this Guaranty shall be limited to an amount equal to twenty-five percent (25%) of the Obligations owed to Lender by Company at that time.

11. This Guaranty may not be waived, altered, modified or amended except in writing duly signed by the Lender. This Guaranty and the rights and obligations of the parties hereunder shall be governed by and construed in accordance with the laws of the State of Illinois.

12. All terms defined in the Loan Agreement and used herein shall have the meanings assigned to them therein unless the context requires otherwise.

IN WITNESS WHEREOF, the Guarantor has executed and delivered this Guaranty on the day and year first above written.

BRUCE H. BORLAND

Subscribed and sworn to
before me this 22nd day
of March, 1988.

NOTARY PUBLIC

BILL OF SALE

JUL 30 1985 4 11 PM

INTERSTATE COMMERCE COMMISSION

KNOW ALL MEN BY THESE PRESENTS;

PHILROCK CORPORATION ("SELLER"), a New York corporation, is the owner of the 197 Railroad Cars (the "Equipment") being the 217 railroad cars described in Schedule I attached hereto less and except the 20 railroad cars described on Schedule II attached hereto.

THAT for and in consideration of the sum of ONE MILLION EIGHT HUNDRED THIRTY FOUR THOUSAND SEVEN HUNDRED EIGHTY ONE AND 70/100 DOLLARS (\$1,834,781.70), the receipt of which as hereby acknowledged, SELLER does this 29th day of July, 1985, grant, convey, transfer, bargain and sell, deliver and set over the Equipment unto TEMCO LEASING COMPANY, 47 West Dundee Road, Wheeling, Illinois 60090 ("PURCHASER"), and unto its successors and assigns forever.

THAT SELLER HAS NOT MADE AND DOES NOT MAKE ANY REPRESENTATION OR WARRANTY TO PURCHASER EITHER EXPRESS OR IMPLIED, AS TO MERCHANTABILITY OR FITNESS FOR USE FOR ANY PURPOSE, OR AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, ACCESSORIES, PARTS OR WORKMANSHIP IN OR RELATING TO THE EQUIPMENT, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS, IMPLIED OR STATUTORY, EXCEPT AS EXPRESSLY SET FORTH BELOW AND IT IS AGREED THAT THE SALE OF THE EQUIPMENT AND EVERY PART THEREOF IS "AS IS, WHERE IS," WITH ALL FAULTS AND SUBJECT TO ALL EXISTING LIENS, CLAIMS, ENCUMBRANCES AND RIGHTS OF OTHERS. Nevertheless, SELLER warrants that it has committed no acts since January 16, 1985 to create any liens, claims or encumbrances to the Equipment. Any liens, claims or encumbrances resulting from any work performed on the Equipment as a result of any authorization or alleged authorization by ~~the purchaser~~ is specifically excepted from the warranty contained in this paragraph.

TEMCO
Corporation

NOTWITHSTANDING the foregoing, SELLER warrants to PURCHASER, its successors and assigns, that SELLER has legal title to the Equipment and has good and lawful right to grant, bargain, sell, convey and deliver the same and that the Lease with respect to the Equipment dated as of December 15, 1969 between Philrock Corporation and North American Car Corporation has been terminated (Philrock Corporation hereby reserving unto itself all claims for any remaining unpaid

rental under said Lease) and the Equipment Trust Agreement dated as of December 15, 1969 among Irving Trust Company, Philrock Corporation and Bankers Trust Company covering the Equipment has been terminated and the lien thereof released and signed copies of such terminations and release are being delivered to PURCHASER with this Bill of Sale.

THIS transaction is subject to the payment by PURCHASER of any applicable sales, use, transfer or similar taxes required to be paid by PURCHASER with respect to this sale, and subject to the payment in good funds of the selling price to SELLER. This is the final and exclusive expression of the agreement between the SELLER and the PURCHASER, and no verbal agreements or understandings and no course of dealing or usage of trade or course of performance shall be relevant to explain or modify or waive any term or provision expressed in this Bill of Sale.

THIS Bill of Sale is delivered by SELLER to PURCHASER in New York, New York, and governed by the law of the State of New York.

IN WITNESS WHEREOF, SELLER has caused this instrument to be executed by its Attorney-in-Fact and its seal to be affixed this 29 day of July 1985.

PHILROCK CORPORATION

By 

John Duncan
Attorney-in-Fact

SCHEDULE I

PHILROCK CORPORATION

AESX	8215	AESX	8216	AESX	8217	AESX	8218	AESX	8219
"	8220	"	8221	"	8222	"	8223	"	8325
"	8326	"	8327	NATX	17952	NATX	22898	NATX	22899
NATX	22900	NATX	22901	"	22902	"	22903	"	22904
"	22905	"	22906	"	22910	"	22911	"	22912
"	22913	"	22914	"	22915	"	22916	"	22917
"	22918	"	22919	"	22920	"	22921	"	22924
"	22925	"	22927	"	22928	"	22929	"	22930
"	22931	"	22932	"	22933	"	22934	"	22935
"	22947	"	22948	"	22949	"	22950	"	22951
"	22952	"	22953	"	22954	"	22956	"	22957
"	22958	"	22959	"	22960	"	22961	"	22962
"	22963	"	22964	"	22965	"	22967	"	22968
"	22969	"	22970	"	22971	"	22972	"	22973
"	22974	"	22975	"	22976	"	22977	"	22978
"	22979	"	22980	"	22981	"	22982	"	22983
"	22984	"	22985	"	22986	"	22987	"	22988
"	22989	"	22990	"	22991	"	22992	"	22993
"	22994	"	22995	"	22996	"	22997	"	23007
"	23100	"	23101	"	23102	"	23103	"	23104
"	23105	"	23106	"	23107	"	23108	"	23109
"	23130	"	23131	"	23132	"	23133	"	23134
"	23135	"	23136	"	23137	"	23138	"	23139
"	23140	"	23141	"	23142	"	23143	"	23144
"	23145	"	23146	"	23164	"	23165	"	23166
"	23168	"	23169	"	23170	"	23171	"	23173
"	23174	"	23176	"	23177	"	23178	"	23179
"	23180	"	23181	"	23182	"	23183	"	23184
"	23185	"	23186	"	23188	"	23189	"	23190
"	23191	"	23195	"	23196	"	23197	"	23198
"	23199	"	23200	"	23201	"	23202	"	23203
"	23204	"	23205	"	23206	"	23207	"	23208
"	23209	"	23210	"	23211	"	23212	"	23213
"	23214	"	23215	"	23216	"	23217	"	23218
"	23219	"	24028	"	24253	"	24321	"	24322
"	29000	29001		"	29002	"	29003	"	29004
"	29005	"	29006	"	29007	"	29008	"	29009
"	29010	"	29011	"	29012	"	29013	"	29014
"	29015	"	29016	"	29017	"	29018	"	29019
"	29020	"	29021	"	29022	"	29023	"	29024
"	29025	"	34359	"	34360	"	34361	"	34362
"	34363	"	34364	"	34365	"	34366	"	34367
"	34368	"	34369	"	34370	"	34371	"	34372
"	34373	"	34374	"	34375				

217
Total 218 cars

SCHEDULE II

Twenty Tank Cars

Car Numbers

NATX-22982
NATX-22974
NATX-22977
NATX-22978
NATX-22979
NATX-22981
NATX-22993
NATX-22996
NATX-22997
NATX-23195

NATX-23196
NATX-23197
NATX-23198
NATX-23199
NATX-23202
NATX-23205
NATX-23206
NATX-23210
NATX-23213
NATX-23216

Paic
the

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this 29 day of July, 1985 before me personally came John Duncan to me known and known to me to be the individual who executed the foregoing Bill of Sale as Attorney-in-Fact for Philrock Corporation and acknowledged to me that he executed the same.

Margaret M. Ambrosio

Notary Public

[Notarial Seal]

MARGARET M. AMBROSIO
Notary Public, State of New York
No. 4727457 Qual. in Suffolk Co.
Certificate filed in New York County
Commission Expires March 30, 1986

EXHIBIT C-2

BILL OF SALE

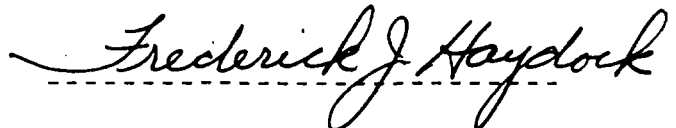
KNOW ALL MEN BY THESE PRESENTS that WHITNEY CHEMICAL, INC., a Utah Corporation, herein after referred to as the SELLER, for and in consideration of the sum of Thirty-Two Thousand Five Hundred Dollars (\$32,500), paid by TEMCO CORPORATION, herein after referred to as THE BUYER, the receipt whereof is hereby acknowledged, has sold, assigned and transferred, and by these presents does sell, assign and transfer unto said BUYER that certain personal property particularly described as follows:

One 23,500 gallon Plasite lined, exterior coiled, insulated tank car constructed in 1982 by GATX at Sharon, Pennsylvania, and marked as DRAX 10001.

The SELLER warrants to the BUYER that the aforegranted personal property is free of all liens and encumbrances, and that all federal and state property assessments are current and have been paid to date.

IN WITNESS WHEREOF, I, Frederick J. Haydock, President of WHITNEY CHEMICAL, INC., have hereunto set my hand this 18th day of December 1987.

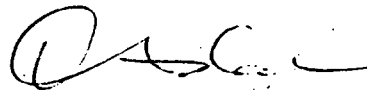
WHITNEY CHEMICAL, INC.

A handwritten signature in cursive script, reading "Frederick J. Haydock", written over a horizontal dashed line.

Frederick J. Haydock
President

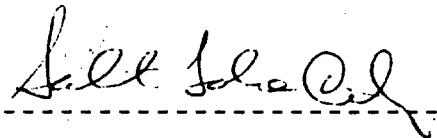
STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

On the 18th day of December, 1987 personally appeared before me Frederick J. Haydock, who being by me duly sworn did say that he is the President of WHITNEY CHEMICAL, INC., and acknowledged to me that the foregoing instrument has been signed and executed by him, and the statements contained therein are true and factual.



NOTARY PUBLIC

Residing in



My Commission Expires:

12-88

EXHIBIT C-3

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS that TEMCO CORPORATION, an Illinois Corporation, hereinafter referred to as THE SELLER, for and in consideration of the sum of Ten (\$10.00) Dollars and other good and valuable consideration, paid by TEMCO LEASING COMPANY, hereinafter referred to as THE BUYER, the receipt whereof is hereby acknowledged, has sold, assigned and transferred, and by these presents does sell, assign and transfer unto said BUYER that certain personal property particularly described as follows:

One 23,500 gallon Plasite lined, exterior coiled, insulated tank car constructed in 1982 by GATX at Sharon, Pennsylvania, purchased by SELLER on December 18, 1987 from Whitney Chemical, Inc. and marked as TMLX 10001.

IN WITNESS WHEREOF, I, Bruce H. Borland, President of TEMCO CORPORATION, have hereunto set my hand this 16th day of March, 1988.

TEMCO CORPORATION

By: _____
Bruce H. Borland
President

EXHIBIT D-1

HINSHAW, CULBERTSON, MOELMANN, HOBAN & FULLER

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

222 North La Salle Street • Suite 300 • Chicago, Illinois 60601-1081 • 312-704-3000

TeleFax 312-704-3001
Telex 880-248

March 22, 1988

Writer's direct dial no.

In reply refer to file no.

BELLEVILLE
521 WEST MAIN STREET
P.O. BOX 509
BELLEVILLE, ILLINOIS 62222
(618) 277-2400

JOLIET
57 NORTH OTTAWA STREET
JOLIET, ILLINOIS 60431
(815) 726-5910

LAKE FOREST
273 MARKET SQUARE
LAKE FOREST, ILLINOIS 60045
(312) 234-6001

OAK BROOK
1211 WEST 22ND STREET
OAK BROOK, ILLINOIS 60521
(312) 373-6200

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THOMAS & HINSHAW, CULBERTSON
456 FULTON STREET
PEORIA, ILLINOIS 61602
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220 EAST STATE STREET
ROCKFORD, ILLINOIS 61105
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SPRINGFIELD
217 SOUTH SEVENTH STREET
SPRINGFIELD, ILLINOIS 62701
(217) 528-7375

URBANA
102 EAST MAIN
URBANA, ILLINOIS 61801
(217) 367-0079

WAUKEGAN
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WAUKEGAN, ILLINOIS 60085
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WHEATON
330 NAPERVILLE ROAD
WHEATON, ILLINOIS 60187
(312) 653-3135

ST. LOUIS
1010 MARKET STREET
ST. LOUIS, MISSOURI 63101
(314) 421-6168

MIAMI
THORNTON & HINSHAW, CULBERTSON
19 WEST FLAGLER STREET
MIAMI, FLORIDA 33130
(305) 358-2500

MILWAUKEE
KLUWIN, DUNPHY, HINSHAW, CULBERTSON
788 NORTH JEFFERSON STREET
MILWAUKEE, WISCONSIN 53202
(414) 276-6464

NBD Highland Park Bank, N.A.
513 Central Avenue
Highland Park, Illinois 60035

Re: Temco Leasing Company \$750,000.00
Loan for the Refinancing of 176
Railroad Tank Cars

Gentlemen:

We have been asked by Temco Corporation ("Temco") and Temco Leasing Company ("Temco Leasing"), Illinois corporations, with respect to the above-captioned transaction, to render the following opinions with respect to matters within our knowledge as general counsel for Temco and Temco Leasing.

In that regard, we have examined the following documents with respect to such transaction (such documents hereinafter collectively referred to as the "Documents"), and have made such inquiry and examined such other documents as we feel appropriate for the rendering of this opinion:

1. Loan and Security Agreement dated as of March 22, 1988 by and between Temco Leasing, NBD Highland Park Bank, N.A. (the "Bank") and Continental Illinois National Bank and Trust Company of Chicago.
2. Negotiable Promissory Note in the face amount of \$750,00.00 dated March 23, 1988 made by Temco Leasing in favor of the Bank.
3. A Certificate from Temco Leasing, dated March 22, 1988, attaching certain corporation documents and resolutions of the Board of Directors of Temco Leasing.

4. Certificate, dated March 22, 1988 attaching various organization documents and resolutions of the Board of Directors of Temco.
5. A Certificate, dated March 22, 1988, by Temco Leasing certifying to the continuing validity of certain Leases and stating that Temco Leasing is aware of no current defaults under same.
6. Incumbency Certificate, dated March 22, 1988, of the officers of Temco Leasing.
7. Incumbency Certificate, dated March 22, 1988, of the officers of Temco.
8. Guaranty, dated March 22, 1988, executed by Temco in favor of the Bank.
9. Certificate of Temco Leasing, dated March 22, 1988, certifying that certain representations in the Loan and Security Agreement remain true and correct, that Temco Leasing is vested with valid and legal title to and is the lawful owner of the Tank Cars and that the Tank Cars have been leased as indicated in the Loan and Security Agreement.
10. Certificates of Good Standing, signed by the Secretary of State of Illinois, dated March 11, 1988, for Temco and Temco Leasing.

Terms used herein which are defined in the Loan and Security Agreement shall have the respective meanings set forth in such Agreement, unless otherwise defined herein.

Based upon the foregoing, we are of the opinion that:

1. Temco is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois. Temco is duly qualified as a foreign corporation and in good standing under the laws of each jurisdiction in which the conduct of its business or the ownership of its properties requires such qualification.
2. Temco Leasing is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois. Temco Leasing is duly qualified as a foreign corporation and in good standing under the laws of each jurisdiction

in which the conduct of its business or the ownership of its property requires such qualification.

3. Temco has the corporate power and authority to own its properties and to transact the business in which it is presently engaged and to execute, deliver and perform such of the Documents as it has executed and to take such action as may be necessary to complete the transactions contemplated by such Documents, and Temco has taken all necessary corporate action to authorize the execution, delivery and performance of the Documents.
4. Temco Leasing has the corporate power and authority to own its properties and to transact the business in which it is presently engaged and to execute, deliver and perform such of the Documents as it has executed and to take such action as may be necessary to complete the transactions contemplated by such Documents, and Temco Leasing has taken all necessary corporate action to authorize the execution, delivery and performance of the Documents.
5. The Documents have been duly authorized, executed and delivered by Temco and/or Temco Leasing, as appropriate, and constitute legal, valid and binding obligations of Temco and/or Temco Leasing, as executed thereby, enforceable in accordance with their terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and/or similar laws affecting the enforcement of creditors' rights generally.
6. No consent of any other party (including the stockholders of Temco or Temco Leasing) and no consent, license, permit, approval or authorization of, exemption by, or registration or declaration with, any governmental authority, is required in connection with the execution, delivery, performance, validity or enforceability of the documents.
7. The execution, delivery and performance by Temco and/or Temco Leasing of the Documents will not violate any provision of, or constitute a default under, in the existing law or regulation to which

one or both is subject, or any order, judgment, award or decree of any court, arbitrator or governmental authority applicable to Temco and/or Temco Leasing, or the Articles of Incorporation, the Bylaws or any preferred stock provision of Temco and/or Temco Leasing, or any mortgage, indenture, contract or other agreement to which Temco and/or Temco Leasing is a party or which is binding upon Temco and/or Temco Leasing or any of their properties or assets, and will not result in the creation or imposition of any lien (other than the lien and security interest created by the Documents) on any of the properties or assets of Temco and/or Temco Leasing pursuant to the provisions of any such mortgage, indenture, contract, or other agreement.

8. To the best of our knowledge (having made due inquiry), other than the Hurwitz lawsuit, there are no actions, suits or proceedings (whether or not purportedly on behalf of Temco and/or Temco Leasing) pending or threatened against Temco and/or Temco Leasing or any of their properties or assets in any court or before any arbitrator or before any governmental body, which (i) relate to any of the Collateral or to any of the transactions contemplated by the Documents, or (ii) would, if adversely determined, materially impair the right or ability of Temco and/or Temco Leasing to carry on their businesses substantially as now conducted, or (iii) would, if adversely determined, have a material adverse effect on the respective operating results or on the respective condition, financial or other, of Temco and/or Temco Leasing.

The foregoing opinion is qualified to the extent that the enforceability of the Documents may be limited by bankruptcy or insolvency or other laws affecting creditors' rights generally. This opinion is given only with regard to the matters set forth herein, and no other opinions are intended or may be inferred herefrom.

We are furnishing this opinion directly to the above referenced parties solely for their use in evaluating the transactions contemplated by the Documents. This opinion is not to be used, circulated or quoted or otherwise referred to by the addressees or any other person, except as provided herein, without our prior written consent. This opinion is based on facts as they exist on the date hereof, and makes no represen-

NBD Highland Park Bank, N.A.

March 22, 1988

Page 5

tations and expresses no opinion as to facts which may exist in the future.

Very truly yours,

HINSHAW, CULBERTSON, MOELMANN,
HOBAN & FULLER

By: John W. Dubbs III,
A Partner

HINSHAW, CULBERTSON, MOELMANN, HOBAN & FULLER

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

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March 22, 1988

Writer's direct dial no.

In reply refer to file no.

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(414) 276-6464

Continental Illinois National Bank
and Trust Company of Chicago
231 S. LaSalle Street
Chicago, Illinois 60697

Re: Temco Leasing Company \$750,000.00
Loan for the Refinancing of 176
Railroad Tank Cars

Gentlemen:

We have been asked by Temco Corporation ("Temco") and Temco Leasing Company ("Temco Leasing"), Illinois corporations, with respect to the above-captioned transaction, to render the following opinions with respect to matters within our knowledge as general counsel for Temco and Temco Leasing.

In that regard, we have examined the following documents with respect to such transaction (such documents hereinafter collectively referred to as the "Documents"), and have made such inquiry and examined such other documents as we feel appropriate for the rendering of this opinion:

1. Loan and Security Agreement dated as of March 22, 1988 by and between Temco Leasing, NBD Highland Park Bank, N.A. and Continental Illinois National Bank and Trust Company of Chicago (the "Bank").
2. Negotiable Promissory Note in the face amount of \$750,00.00 dated March 23, 1988 made by Temco Leasing in favor of the Bank.
3. A Certificate from Temco Leasing, dated March 22, 1988, attaching certain corporation documents and resolutions of the Board of Directors of Temco Leasing.

4. Certificate, dated March 22, 1988 attaching various organization documents and resolutions of the Board of Directors of Temco.
5. A Certificate, dated March 22, 1988, by Temco Leasing certifying to the continuing validity of certain Leases and stating that Temco Leasing is aware of no current defaults under same.
6. Incumbency Certificate, dated March 22, 1988, of the officers of Temco Leasing.
7. Incumbency Certificate, dated March 22, 1988, of the officers of Temco.
8. Guaranty, dated March 22, 1988, executed by Temco in favor of the Bank.
9. Certificate of Temco Leasing, dated March 22, 1988, certifying that certain representations in the Loan and Security Agreement remain true and correct, that Temco Leasing is vested with valid and legal title to and is the lawful owner of the Tank Cars and that the Tank Cars have been leased as indicated in the Loan and Security Agreement.
10. Certificates of Good Standing, signed by the Secretary of State of Illinois, dated March 11, 1988, for Temco and Temco Leasing.

Terms used herein which are defined in the Loan and Security Agreement shall have the respective meanings set forth in such Agreement, unless otherwise defined herein.

Based upon the foregoing, we are of the opinion that:

1. Temco is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois. Temco is duly qualified as a foreign corporation and in good standing under the laws of each jurisdiction in which the conduct of its business or the ownership of its properties requires such qualification.
2. Temco Leasing is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois. Temco Leasing is duly qualified as a foreign corporation and in good standing under the laws of each jurisdiction

in which the conduct of its business or the ownership of its property requires such qualification.

3. Temco has the corporate power and authority to own its properties and to transact the business in which it is presently engaged and to execute, deliver and perform such of the Documents as it has executed and to take such action as may be necessary to complete the transactions contemplated by such Documents, and Temco has taken all necessary corporate action to authorize the execution, delivery and performance of the Documents.
4. Temco Leasing has the corporate power and authority to own its properties and to transact the business in which it is presently engaged and to execute, deliver and perform such of the Documents as it has executed and to take such action as may be necessary to complete the transactions contemplated by such Documents, and Temco Leasing has taken all necessary corporate action to authorize the execution, delivery and performance of the Documents.
5. The Documents have been duly authorized, executed and delivered by Temco and/or Temco Leasing, as appropriate, and constitute legal, valid and binding obligations of Temco and/or Temco Leasing, as executed thereby, enforceable in accordance with their terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and/or similar laws affecting the enforcement of creditors' rights generally.
6. No consent of any other party (including the stockholders of Temco or Temco Leasing) and no consent, license, permit, approval or authorization of, exemption by, or registration or declaration with, any governmental authority, is required in connection with the execution, delivery, performance, validity or enforceability of the documents.
7. The execution, delivery and performance by Temco and/or Temco Leasing of the Documents will not violate any provision of, or constitute a default under, in the existing law or regulation to which

one or both is subject, or any order, judgment, award or decree of any court, arbitrator or governmental authority applicable to Temco and/or Temco Leasing, or the Articles of Incorporation, the Bylaws or any preferred stock provision of Temco and/or Temco Leasing, or any mortgage, indenture, contract or other agreement to which Temco and/or Temco Leasing is a party or which is binding upon Temco and/or Temco Leasing or any of their properties or assets, and will not result in the creation or imposition of any lien (other than the lien and security interest created by the Documents) on any of the properties or assets of Temco and/or Temco Leasing pursuant to the provisions of any such mortgage, indenture, contract, or other agreement.

8. To the best of our knowledge (having made due inquiry), other than the Hurwitz lawsuit, there are no actions, suits or proceedings (whether or not purportedly on behalf of Temco and/or Temco Leasing) pending or threatened against Temco and/or Temco Leasing or any of their properties or assets in any court or before any arbitrator or before any governmental body, which (i) relate to any of the Collateral or to any of the transactions contemplated by the Documents, or (ii) would, if adversely determined, materially impair the right or ability of Temco and/or Temco Leasing to carry on their businesses substantially as now conducted, or (iii) would, if adversely determined, have a material adverse effect on the respective operating results or on the respective condition, financial or other, of Temco and/or Temco Leasing.

The foregoing opinion is qualified to the extent that the enforceability of the Documents may be limited by bankruptcy or insolvency or other laws affecting creditors' rights generally. This opinion is given only with regard to the matters set forth herein, and no other opinions are intended or may be inferred herefrom.

We are furnishing this opinion directly to the above referenced parties solely for their use in evaluating the transactions contemplated by the Documents. This opinion is not to be used, circulated or quoted or otherwise referred to by the addressees or any other person, except as provided herein, without our prior written consent. This opinion is based on facts as they exist on the date hereof, and makes no represen-

Continental Illinois National Bank
and Trust Company of Chicago

March 22, 1988

Page 5

tations and expresses no opinion as to facts which may exist in the future.

Very truly yours,

HINSHAW, CULBERTSON, MOELMANN,
HOBAN & FULLER

By: John W. Dubbs III,
A Partner

EXHIBIT E-1

NBD Highland Park Bank, N.A.
513 Central Avenue
Highland Park, Illinois 60035

March 22, 1988

Dear Sirs:

We have acted as special counsel for you in connection with the execution and delivery of the Loan and Security Agreement dated as of March 22, 1988 between Temco Leasing Company (the "Company"), NBD Highland Park Bank, N.A., individually and as Agent, and Continental Illinois National Bank and Trust Company of Chicago, individually and as Security Agent ("the Agreement").

This opinion is furnished to you pursuant to paragraph (t) of Section 4 of the Agreement. Terms used herein which are defined in the Agreement shall have the respective meanings set forth in the Agreement, unless otherwise defined herein.

In connection with this opinion, we have examined executed counterparts of the Agreement and the leases, the executed Notes delivered by you on the date hereof (the "Notes"), and such other documents as we have deemed necessary or appropriate for the purposes thereof.

Based upon the foregoing, we are of the opinion that:

1. The Agreement has been duly filed and recorded with the Interstate Commerce Commission in accordance with Section 11303, Title 49, United States Code and no other agreement or document has been so filed or recorded as of the date hereof asserting a grant by the Company of an interest in or a Lien on the Tank Cars which has not been fully released, terminated and extinguished as of the date hereof other than the March 22, 1988 Warehousing Agreement and Security Agreement relating thereto between the Company and Continental Illinois National Bank and Trust Company of Chicago. Provided that the cars are utilized solely in the United States, no other filing, registration or recording or other action is necessary in order to perfect, protect and preserve, as security for the Notes and the other Obligations, the Lien on and security interest in the Tank Cars and the leases created by the Agreement.

2. The Agreement constitutes a legal, valid and perfected first Lien on and first priority security interest in each of the Tank Cars (and the proceeds thereof) and in each of the Leases (and the Proceeds thereof) as security for the Notes and the other Obligations.

Very truly yours,

EXHIBIT E-2

Continental Illinois National
Bank and Trust Company of Chicago
231 S. LaSalle Street
Chicago, Illinois 60697

March 22, 1988

Dear Sirs:

We have acted as special counsel for you in connection with the execution and delivery of the Loan and Security Agreement dated as of March 22, 1988 between Temco Leasing Company (the "Company") NBD Highland Park Bank, N.A., individually and as Agent, and Continental Illinois National Bank and Trust Company of Chicago, individually and as Security Agent (the "Agreement").

This opinion is furnished to you pursuant to paragraph (t) of Section 4 of the Agreement. Terms used herein which are defined in the Agreement shall have the respective meanings set forth in the Agreement, unless otherwise defined herein.

In connection with this opinion, we have examined executed counterparts of the Agreement and the leases, the executed Notes delivered by you on the date hereof (the "Notes"), and such other documents as we have deemed necessary or appropriate for the purposes thereof.

Based upon the foregoing, we are of the opinion that:

1. The Agreement has been duly filed and recorded with the Interstate Commerce Commission in accordance with Section 11303, Title 49, United States Code and no other agreement or document has been so filed or recorded as of the date hereof asserting a grant by the Company of an interest in or a Lien on the Tank Cars which has not been fully released, terminated and extinguished as of the date hereof other than the March 22, 1988 Warehousing Agreement and Security Agreement relating thereto between the Company and Continental Illinois National Bank and Trust Company of Chicago. Provided that the cars are utilized solely in the United States, no other filing, registration or recording or other action is necessary in order to perfect, protect and preserve, as security for the Notes and the other Obligations, the Lien on and security interest in the Tank Cars and the leases created by the Agreement.

2. The Agreement constitutes a legal, valid and perfected first Lien on and first priority security interest in each of the Tank Cars (and the proceeds thereof) and in each of the Leases (and the Proceeds thereof) as security for the Notes and the other Obligations.

Very truly yours